

EUROPEAN NEWS

FINE GAEL CONFERENCE
FitzGerald faces challenges on all fronts

BY HUGH CARRNEY IN DUBLIN

FINE GAEL, the senior partner in the Irish coalition, opens its annual conference today at which the main focus will be on how Dr Garret FitzGerald, the Prime Minister, deals with the severe economic and political difficulties facing the Government.

The most immediate challenge for the Fine Gael-Labour coalition, which must call an election within the next 12 months, is a vote of no confidence tabled by the opposition Fianna Fail Party to be taken next Thursday, the day after the Dail (lower House) resumes after the summer recess.

With the coalition and all opposition parties tied in 32 seats each, the present betting is that the Government will just survive, relying either on the support of an independent member or on the casting vote of the Speaker.

Similarly, it is banking on defeating on Wednesday a move by Fianna Fail, which has a clear lead in the opinion polls, to call a by-election in a vacant seat the opposition is sure to win.

An upset caused by disgruntled Government backbenchers is not ruled out, however, and in his efforts to steady the ship in his confidence speech on Saturday evening, Dr FitzGerald will also have to tackle the economic uncertainties surrounding the Government.

Interest rates have pushed up by 2 per cent this week and further increases are expected in response to a flow of funds out of Ireland, mainly into sterling, prompted by the weakness of the British currency which is seen as cheap in Ireland which trades heavily with Britain.

Against this background, Dr FitzGerald and Mr John Bruton, his Finance Minister, are stressing the need for continued austerity and have indicated they see no alternative to more spending cuts in the January budget.

This prospect is not relished by Labour and Government spokesmen admit that failure to agree a budget is the likeliest cause of any break up of the coalition and an early election.

Call for EEC aid to fight Portuguese forest fires

By Diana Smith in Lisbon

THE MAYOR of Lisbon, Mr Nuno Abecassis, has asked, on behalf of Portugal's municipalities, for EEC aid of Es 49bn (E24m) so that municipalities can more effectively fight the forest fires that annually destroy hundreds of thousands of acres.

In 1985, 395,000 acres of woodland and arable land were ravaged by forest fires. Forestry represents 17 per cent of Portugal's agricultural products.

With the help of new equipment in 1986, the destruction decreased to 260,500 acres. But several small rural communities were wiped out.

Meanwhile, the Community has refused to endorse a highly ambitious but vaguely-worded Ecu 1bn (£800m) industry recovery programme for Portugal. Instead, the Community has suggested that the Portuguese apply for the usual range of EEC structural funds to aid specific sectors of industry.

Joining the mainstream brings its own problems, reports John Wyles
Italian economic fish enters big pond

"WE can be satisfied with the results we have obtained," said Mr Bettino Craxi in a self-congratulatory review of Italian economic progress last weekend. His sense of the national mood was characteristically acute, for it is one of satisfaction bordering on complacency.

Mr Craxi, with approaching elections in mind, wanted to stress just how much the economy had recovered during the three and a quarter years of his premiership. He is not short of expert witnesses. The European Commission, the IMF and the OECD have all this year commended Italian efforts and forecast a relatively glittering performance over the next 12 months.

The figures are encouraging: at 5.9 per cent, current price inflation is a far cry from the double digits of 1980-84, this is the third successive year of annual growth between 2 and 3 per cent.

While by no means unjustified, in the view of some analysts the euphoric is, somewhat overdone for membership of the economic mainstream brings with it mainstream problems. The volume of Italian exports this year is falling behind the growth in imports, as in the UK, real wage increases are running ahead of inflation as in West Germany and the UK; real interest rates are high, second only to Britain; the balance of payments, currently

transformed by the halving of the oil price is just as vulnerable as that of France to any sudden deterioration in the terms of trade.

In common with the rest of Europe, Italy's unemployment rate, at 11.1 per cent and rising, can be trimmed only by a faster than obtainable rate of growth. Unlike the rest of Europe, Italy's unemployed are even more concentrated by age and geography — three quarters of the jobless are under 30 and the rate of unemployment in

The Italian Government's medium term plan, which tends to adjust the deadlines as targets are missed, aims by 1990 to balance the budget net of interest payments, which account for more than 70 per cent of the deficit. Next year's budget proposal provides for a borrowing requirement of 1,100,000bn or 12 per cent of GDP compared with this year's 1,110,000bn, 14.3 per cent of GDP.

The proposal assumes a 3.5 per cent growth rate, which should be attainable, some reduction in nominal interest rates and cuts in current spending of 12,000bn.

The Treasury says that its budget targets can be achieved without these measures should they fail to win approval, but others are not so sure. The Government has been increasingly successful in financing its deficit on domestic capital markets, with declining recourse to the Bank of Italy, but real interest rates have been kept high and will have to remain so.

Much is being made of a 13 per cent rise in unit labour costs over the past 12 months, despite hard cuts in scale mobile pay indexation. They reflect a flattening of productivity in industry and rises in real wages of up to 2 per cent.

Domestic demand, fuelled by increasing disposable income and rising corporate profits,



Mr Giovanni Goria: Risk discounted abroad

after a 300 per cent leap last year, has been a key factor in this year's expected 2.5 per cent growth.

But the balance of payments position, transformed by the oil price windfall from a deficit of 18,000bn last year to an equivalent surplus this year, looks threatened by an expected rise of around 7 per cent in import volumes and a likely fall of perhaps 2.5 per cent in export volumes.

Thus, the Italian economy begins to look like an inebriate of uncertain reform, who can easily be nudged off the straight and narrow. With the public sector deficit denying room for manoeuvre on the fiscal front, the economy remains highly vulnerable to external blows which could upset the Government's calculations and inject a sour note Italy's currently happy lot.

French jobless rate falls

BY DAVID HOUNGBO IN PARIS

French unemployment fell in September for the first time in several months, largely as a result of the Government's new job creation measures for the young.

On a seasonally-adjusted basis, the number of jobless fell by 0.5 per cent to 2,473m, still leaving the number of unemployed at 3.5 per cent above the same period last year. Mr Philippe Seguin, Minister for Social Affairs, said that 165,340 young people had

found jobs last month under the Government's job-creation scheme which provides cuts in social security charges for employers taking on young people.

Since the Government announced the scheme earlier this year, Mr Seguin claimed that 297,135 jobs had been created—or close to the Government's target of 400,000. The scheme provides for reductions of 20-30 per cent for companies recruiting young people.

Vranitzky stresses need for economic reform

BY PATRICK BLUM IN VIENNA

DR FRANZ VRANITZKY, Austria's Socialist Chancellor, pressed his party's manifesto for next month's general election, emphasising the need for economic reforms while maintaining the gains of the welfare state.

"There will be no dismantling of the welfare state," he repeatedly said. The manifesto places a major focus on modernising the economy, streamlining the budget and seeking industry, including the nationalised industries, more efficient and accountable.

The next Government will also seek to "improve arrangements" between Austria and the European Community so as to make co-operation between them more intensive.

Dr Fred Steiner, the Socialist Party leader and former Chancellor, said the Socialists had recovered the ground lost to the Conservative People's Party over the summer and that

the two main parties were now neck and neck.

Both men said they were leading to the election on November 22 with confidence and that the Socialist Party would win a majority.

The Socialists have been in power since 1970, since until May 1969, and in a coalition with the small right-wing Freedom Party since.

The coalition never won wholehearted support and when the Freedom Party lurched sharply to the right with the election of a new leader last month, Dr Vranitzky decided to dissolve the coalition and call for early elections rather than wait until next April.

Bid to speed rail traffic between Germans

BY DAVID MARSH IN BONN

A PROPOSAL to build a DM 2bn (flm) high-speed train link between Hannover and Berlin has been put forward as part of a bid to integrate the divided city into the overall modernisation plan for West German railways.

The idea of a train link drawn up in a consultant's report at the request of the Berlin Senate, is being discussed in committee by the West German Bundestag (federal parliament) as a potential way of enlarging and speeding up rail traffic between the two Germanys.

The Bonn Government in the past has been reluctant to upgrade the existing trunk Hannover-Berlin rail link because

of difficulties in persuading the East German government to put up sufficient money for the project.

However, the West Berlin city authorities have been pressing for the question to be reviewed in the light of the Federal Republic's plan by the early 1990s to introduce a 200-mph train on inter-city routes.

The study, undertaken by a Frankfurt-based consulting company, says that a new high-speed track between Berlin and Hannover would fully connect the former imperial German capital into the new system.

It claims that the link would cut by half the present 3 1/2-hour rail travelling time between the two cities.

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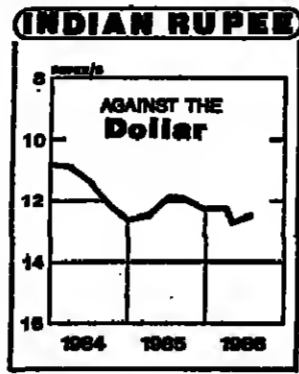
OVERSEAS NEWS

Concern about exports dominates Indian debate

John Elliott reports on an economy dogged by high public spending

CONCERN about poor export performance and levels of Government spending are dominating debate in India about the state of the country's otherwise stable economy. Figures published by the Commerce Ministry last week show that the trade deficit last year soared by 66 per cent, 15 per cent more than was originally estimated. At the same time doubt is being cast on the validity of provisional figures which show a 25 per cent increase in exports during the first three months of the current financial year. No foreign exchange crisis looms, however, because the balance of payments position is being protected by other factors and foreign exchange reserves are more than adequate, equalling four months' imports. Mr Vinayachandran Prasad Singh, the Finance Minister, is sounding warnings about the need to curb domestic expenditure and is preparing a policy paper for the Cabinet this month aimed at making substantial savings by pruning low priority items. The basic problem facing the country is that economic and industrial liberalisation policies introduced over the past five years, and accelerated since Mr Rajiv Gandhi became Prime Minister, have not yet paid off in terms of industrial growth and efficiency. Economic growth remains at below 5 per cent. Instead they have led to an increase in imports, particularly of capital goods, and appear to have done more to benefit the

middle classes and the rich than the poor. This has helped to fuel political opposition to Mr Gandhi's policies within his own ruling Congress I Party as well as among opposition parties. There is no sign of Mr Gandhi changing course, and in an interview last week in the Indian Express newspaper, he denied rumours that he was planning to move Mr Singh from the Finance Ministry in a long-awaited cabinet reshuffle. Mr Singh, who was said by Mr Gandhi to be "doing a good job," has become controversial because of a series of widely publicised raids his Ministry's law enforcement officers have been making on leading industrialists' offices. There have been calls for him to go or for his powers to be curbed. His twin policies of attacking the black economy by combining a liberal tax regime with strict enforcement have paid dividends in terms of revenues. He announced last week that personal income tax receipts were up 23 per cent so far this year, following a similar increase last year, and that indirect tax revenue was up 18 per cent. "I wish I had the same success on the expenditure side as I am having on the revenue side," he said. There was a need for a "lot of pruning." But he does not want to curb major development projects nor repeat the 5 per cent across-the-



board spending cut introduced last year which he says was "not scientific." Part of the problem is a report from India's Pay Commission recommending increases of 20 to 30 per cent for central government employees' pay, which already accounts for 18 per cent of Government spending. This is helping to put pressure on the targeted deficit of Rupees 36.5bn (£1.97bn) for 1986-87 which the Government does not want exceeded. But while this year's Government spending is preoccupying the Finance Minister the country's longer term balance of payments prospects are causing considerable wider concern. Two months ago the trade

deficit for 1985-86 was estimated to be Rs 72.5bn, 54 per cent above 1984-85 levels. But last week this was raised by the Commerce Ministry to Rs 86.16bn, an increase of 66 per cent above last year's levels. At the same time there is some doubt about Government claims that exports rose by 24.6 per cent between April and June this year to Rs 27.5bn from Rs 22.39bn in the same period last year. Export and import figures are revised several times every year as delayed information is evaluated, but computerisation is confusing the picture because of variations in the speed at which the information is collated. The problem now is that revised figures for April to June last year are believed to have raised that period's exports figure from Rs 22.39bn to Rs 27.26bn, reducing the much vaunted 24.6 per cent to a mere 2.5 per cent if a comparison is made with this year's provisional figures. Such a comparison is of course unfair, but may not be so far out as the Government hopes because of faster computer collection of data this year. Ministry of Finance economists still expect a Rs 10bn decrease this year on last year's Rs 86.16bn trade deficit, however, with a target of 12 to 13 per cent for growth in exports being met. Other international economists doubt this and esti-

mate that because exports have been growing at only 3 to 4 per cent a year, they now need to achieve 15 per cent growth every year until 1990 if the seventh five year plan annual target of 6.8 per cent is to be met. The problem is that, while exports of items such as garments, leather, petroleum products, and gems and jewellery have been improving there has been no increase in the basic essential areas for growth such as engineering and other manufactured products, despite an array of export incentives. Tea and tobacco have also done badly and there now seems little prospect for much growth in agricultural exports. Debt repayments to the International Monetary Fund of a \$3.9bn credit increase sharply in the next three years and India will also be affected by increased interest payments on its World Bank borrowings. These are shifting rapidly from low interest International Development Agency loans to full-cost funds from the International Bank for Reconstruction and Development. Remittances from Indians working overseas will also decline because of lower demand for expatriate labour in the Middle East, although India is enmeshed more than some neighbouring countries in its migrant workers are employed elsewhere. A number of factors are protecting India from any immediate crisis, however. They include reductions in international oil prices at a time when the growth in India's domestic oil production is flattening out, and reductions in the country's requirements for various bulk imports such as edible oil and fertilisers. An increase from rupees 28bn to more than rupees 30bn of annual net aid disbursements from bilateral and multilateral donors because of a bunching of development projects is also helping. Declines in the value of the rupee of between 23 and 25 per cent against a basket of currencies including 18 per cent against the pound sterling and 26 per cent against the D-mark, and the yen should have also helped exports. This sort of devaluation would be politically untenable as a deliberate move, but some economic observers believe the country would benefit by falls of up to another 25 per cent. India has thus managed to duck some of the basic industrial issues of lifting controls on major companies capable of exporting and of reducing costs and improving quality and competitiveness, which are needed for a continuous improvement in export performance. "It's a classic Indian case of muddling through within an admittedly basically prudent economic policy," says one observer.

Ershad to seek early end of martial law

BY JOHN ELLIOTT IN DHAKA

PRESIDENT Hossain Mohammad Ershad of Bangladesh hopes to end martial law in his country by the middle of next month. His announcement came yesterday as results from Wednesday's election confirmed that he is being overwhelmingly elected to the presidential post which he assumed without a popular mandate three years ago. President Ershad also said he would "look into" allegations of widespread rigging in the polls, although he was not prepared to admit that rigging had taken place. He said he did not have to rig to win an election and added that if the future a system would have to be set up in which rigging did not take place. Vot counting was continuing last night with President Ershad reaching 16m, followed by Maulana M. H. Huzar, leader of a fundamentalist Moslem party with 1.68m, and Col Syed Faruk Rahman, a retired army officer who led a coup in 1975, with 873,000. There were nine other candidates and nearly 48m people on the voting lists. President Ershad seized power in a bloodless coup four years ago, introduced martial law and made himself president in 1983. Yesterday he said that last May's parliamentary elections and Wednesday's presidential election fulfilled the pledge he had made to restore democracy. He will summon parliament in the next two or three weeks and lift martial law as soon as



President Ershad: "would win without rigging" a constitutional bill is passed validating and indemnifying actions taken by the military regime. The Jatiya Party needs to muster 11 votes from small opposition parties to gain the two-thirds parliamentary majority needed to pass the bill. He warned yesterday that martial law would not be lifted if the bill was blocked. He said he would like martial law to have ended before he visits India for the second summit of south Asian nations on November 17 and subsequently goes to the United Nations where Bangladesh holds the current presidency of the General Assembly.

Pretoria to unwind gold swaps with central banks

BY ANTHONY ROBINSON IN JOHANNESBURG

THE South African Reserve Bank, whose reserves have been boosted in recent months by higher than expected gold and platinum prices, intends to unwind gold swaps arranged with other central banks earlier this year and replenish its gold holdings. Gold swap arrangements worth an estimated \$30bn were entered into earlier this year when South Africa had to find \$500m. to fund foreign debt repayment under an agreement reached with bankers in London on February 20. Dr Gerhard de Kock, Governor of the Reserve Bank, told the Johannesburg financial daily, Business Day, that the rise in foreign currency holdings to around R1.5bn (\$470m) at end September "means we might buy back the gold we

Nigerian naira falls in value

THE NIGERIAN naira fell yesterday against the US dollar when the country's central bank conducted its fourth weekly currency auction. Michael Holman reports from Lagos. After yesterday's auction of \$80m (£25.6m)—\$5m up on last week—the rate was set at 3.93 naira to the US dollar (the pound was valued at 3.63 naira). The new system has led to a substantial, albeit fluctuating, devaluation of the local currency. The first auction saw a 66 per cent drop in the naira against the dollar. Before the new system was introduced the naira had slipped at 1.55 to the dollar. Under the new arrangement, introduced after negotiations with the World Bank and the International Monetary Fund, available hard currency is auctioned each week by the central bank.

Pakistan 'needs early warning'

MR Caspar Weinberger, the US Secretary of Defence, said yesterday that his country and Pakistan agreed that Islamabad urgently needed an airborne early warning system to stop violations of the Pakistan air space and bombing of its border areas. Mohammed Afzal writes from Islamabad. Mr Weinberger in Pakistan for talks with President Gen Zia ul-Haq and Mr Mohammad Khan Junejo, the Prime Minister, said: "The two sides realise the urgency of an air surveillance system" but different options are available. Pakistan cannot afford to buy expensive Awacs, and it wants the air force under its own command. US-made Hawkeyes and Orion-3 air surveillance aircraft are being considered. Pakistan has been subjected to bombing from the Afghan side since 1978. An estimated 115,000 Soviet troops are currently fighting anti-Communist guerrillas in that country.

N-plant truce plea ignored by Hong Kong politicians

BY DAVID DODWELL IN HONG KONG

CONTROVERSY has been ignited afresh in Hong Kong this week over China's plans to build a \$4bn (£2.5bn) nuclear power plant at Daya Bay, close to Hong Kong's north-east border. The territory's recently-bloated political leaders ignored pleas from Sir Edward Youde, the Governor, for a truce on the issue, which has in recent months inflamed passions on an unprecedented scale in the usually genteel political world of Hong Kong. They took the opportunity of the first debate of the new legislative year to lambast each other, to pressure for political reforms, and to question the Government's role in the Daya Bay issue. Contracts were signed to build the Daya Bay plant just a month ago—after more than five years of negotiation by Chinese officials with CEGU of the UK and Framatome of France. It is expected to be commissioned by 1994. Maverick politician Mr Martin Lee spared neither the governor, nor Miss Lydia Dunn, leader of the Legislative Council, in his protest over government refusal to call a special debate on Daya Bay during the summer recess. Stinging personal attacks shocked many observers who are acutely aware of the importance local people attach to preserving the face of prominent public figures. Mr Lee, and a group of other political figures opposed to China's plans to establish a 2,400 MW 1978, a just 40 kms from Hong Kong's borders, threatened to resort to the so far untested powers and privileges ordinance to force the Government to disclose information linked with the nuclear project if officials continue to insist on secrecy on the grounds of maintaining commercial confidences. Officials have promised that a comprehensive report on the project will be published within the next three weeks, but it is far from certain that this will satisfy the complaints of a substantial minority of Legislative Council members. In a debate that raised numerous broader issues about Hong Kong's political future, the Governor's pivotal role as both head of the government and president of the Legislative Council also came under assault.

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AMERICAN NEWS

Sandinistas 'link' George Bush to wanted terrorist

BY PETER FORD IN MANAGUA

REPORTS that Mr George Bush had met a man running a "Contra" rebel supply operation in Central America have broadened to include allegations that the US Vice-President is linked to an international terrorist sought by Venezuelan police.

Hassentuf has said that both "Gomez" and "Medina" are CIA agents who organised supply flights to Contra rebels inside Nicaragua from the Salvadoran airbase of Plopongo. Nicaraguan officials have identified "Medina" as linked also to anti-Castro activities including the Bay of Pigs incident in 1962.

Polls back Reagan's summit stance

By Stewart Fleming, US Editor, in Washington

AMERICANS have rallied firmly behind President Ronald Reagan's handling of the Reykjavik summit meeting with Soviet leader Mr Mikhail Gorbachev, and his decision not to trade the Strategic Defence Initiative (SDI) for deep cuts in nuclear missiles.

Tim Coone profiles the Argentine leader due to be honoured today Human rights award for Alfonsin

THE European Prize for Human Rights, due to be awarded by the Council of Europe to President Raul Alfonsin of Argentina today, has never before been given to an individual.



President Alfonsin... overcame totalitarian rule

Such an honour reflects the remarkable way in which the Argentine leader in just three years has restored his country's democratic image, and returned it to the level of prestige and credibility it deserves.

with suspicion and at times outright hostility. Some groups have much stronger ties to the military than the ruling party. His Government has removed the military from the front line of politics, but their presence behind the scenes is still detectable, and Mr Alfonsin's speeches are constantly filled with exhortations to national unity so as to consolidate Argentina's nascent democracy.

Industrial production in US rises 0.1%

By Stewart Fleming, US Editor, in Washington

INDUSTRIAL production in the US continued to stagnate in September, rising only 0.1 per cent, the Federal Reserve Board reported yesterday.

Duarte asks US to lead \$1bn earthquake relief

BY OUR FOREIGN STAFF

PRESIDENT Jose Napoleon Duarte has asked the US to spearhead a \$1bn (\$800m) relief effort to help rebuild El Salvador after the earthquake.

turned down the truce offered during the earthquake by the Marxist Farabundo Marti National Liberation Front (FMLN).

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"Falling rand assists mining and export-linked business"

Michael Sander, managing director of AECI, talks to John Spira, Finance Editor of the Johannesburg Sunday Star.



Michael Sander, Managing Director of AECI

Spira: The past two years have seen the worst economic recession in South Africa since the early 1980s. AECI has suffered along with most of the country's capital intensive groups. Are things beginning to look up?

Then we have to look at where the weak points of the industry are. In other words, if you're setting out to develop an export industry, where are you vulnerable?

Brazil devalues cruzado by 1.8%

BY IVO DAWHAY IN SAO PAULO

BRAZIL has devalued its new currency, the cruzado, by 1.5 per cent.

In Brazil, the Government was locking itself into several increasingly untenable positions on economic policy.

This week, speculative buying had lifted the "parallel dollar" to Cr 26 in some markets—the level that in August led to police action against the dealers.

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WORLD TRADE NEWS

Japanese semiconductor prices fall sharply

BY CARLA RAPOPORT IN TOKYO

PRICES of semiconductors in Japan have fallen by between 10 per cent and 20 per cent in recent weeks, prompting the government to seek production cuts in the electronics industry for the first time.

In the latest scuffle over semiconductor trade between the US and Japan, US chip makers have charged that Japanese chips are now cheaper than US chips. This has encouraged US companies with Japanese subsidiaries to step up their purchases in Japan.

example, it is seeking a 48 per cent cut in the current quarter compared with last quarter and a further 20 per cent cut in the first quarter of next year.

US approves cuts in chip prices

BY CARLA RAPOPORT

THE BELEAGUERED US-Japan semiconductor pact received a boost in the arms yesterday as the US Department of Commerce approved the reduction in export prices for a range of leading Japanese chips.

The values have been lowered by an average of \$2 a chip for 256K drums, according to Japanese industry officials.

significant discrepancies between companies. But this is a much fairer calculation.

Tokyo approves EEC talks plan

BY IAN ROOGER IN TOKYO

JAPAN'S Foreign Ministry is hoping that a ministerial meeting with the European Economic Community due for December will ease rising trade tensions.

surplus was \$13bn (£9bn) compared with \$11.4bn in the whole of last year.

annually at this level.

Cable and Wireless in China radio phone deal

By David Dodwell in Hong Kong

CABLE AND WIRELESS, the UK telecommunications group, is due to sign an agreement today to develop unified mobile radio telephone services in the Pearl River delta region in south China around Hong Kong.

Cable and Wireless has had a long relationship with Guangdong's telecommunications authorities. From a base in Hong Kong, where it is soon to be publicly floated and where it has a 49 per cent stake in Hong Kong Telephone Company (Teleco), Cable and Wireless has completed a 600-mile microwave telecommunications system across Guangdong.

Thailand agrees £200m port plan

BY OUR NEW YORK STAFF

THE THAI Government is to build a £200m container port and industrial estate on its eastern seaboard.

Most of the money for the Laem Chabang project is in the form of soft loans from the Japanese Overseas Economic Co-operation Fund, totalling ¥31.23bn (£140m), two thirds of which has already been borrowed.

Some members of the ministerial and official committee that agreed the port project said privately that much of the meeting on Wednesday which gave the go-ahead was spent debating the fertilizer project which is part of the other half of the programme.

Paris seeks more from gas pact

By Lucy Kellaway

THE FRENCH Government is trying to secure more business for French companies as a precondition for its participation in the giant NKR500bn (\$65bn) gas sales contract agreed in principle with Norway last May.

A spokesman from Statoil, the Norwegian state-owned gas company said yesterday that the development of the Troll and Sleipner gas fields would go ahead even if the French withdrew. The remaining three partners now have the option to increase the French share, and discussions are under way with other buyers in Spain, Austria and Sweden.

Turkey seeks energy sources

BY DAVID BARCHARD IN ANKARA

TURKEY is buying from new markets in an attempt to end dependence on energy imports from traditional suppliers in the Middle East.

crude supplies but said he hoped the problem could be resolved through negotiations "in a period of a month or so."

can take liquefied gas arriving by sea and pass it into the pipeline. The building of the pipeline will be under way at the end of this month and is expected to be completed by the summer of 1988.

GEC, Bendix compete in Boeing deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

GEC AVIONICS, part of the GEC group, has been selected by Boeing Commercial Airplane Company of the US to compete in the pre-production development of advanced flight control computers for the new 737 twin-engine advanced technology airliner.

Boeing selected only two major companies — GEC Avionics and Bendix of the US — to compete for the 737's flight control computers.

signals, one of the systems required by Boeing as part of its aim to make the 737 as advanced technologically as possible.

Swiss consider buying Hawk

By David Buchan

SWITZERLAND is considering buying the British Aerospace Hawk jet for its air force and Land Rover vehicles for its army, Mr Jean Pasral Delamurat, the Swiss defence minister said in London yesterday, after talks with his UK counterpart, Mr George Younger.

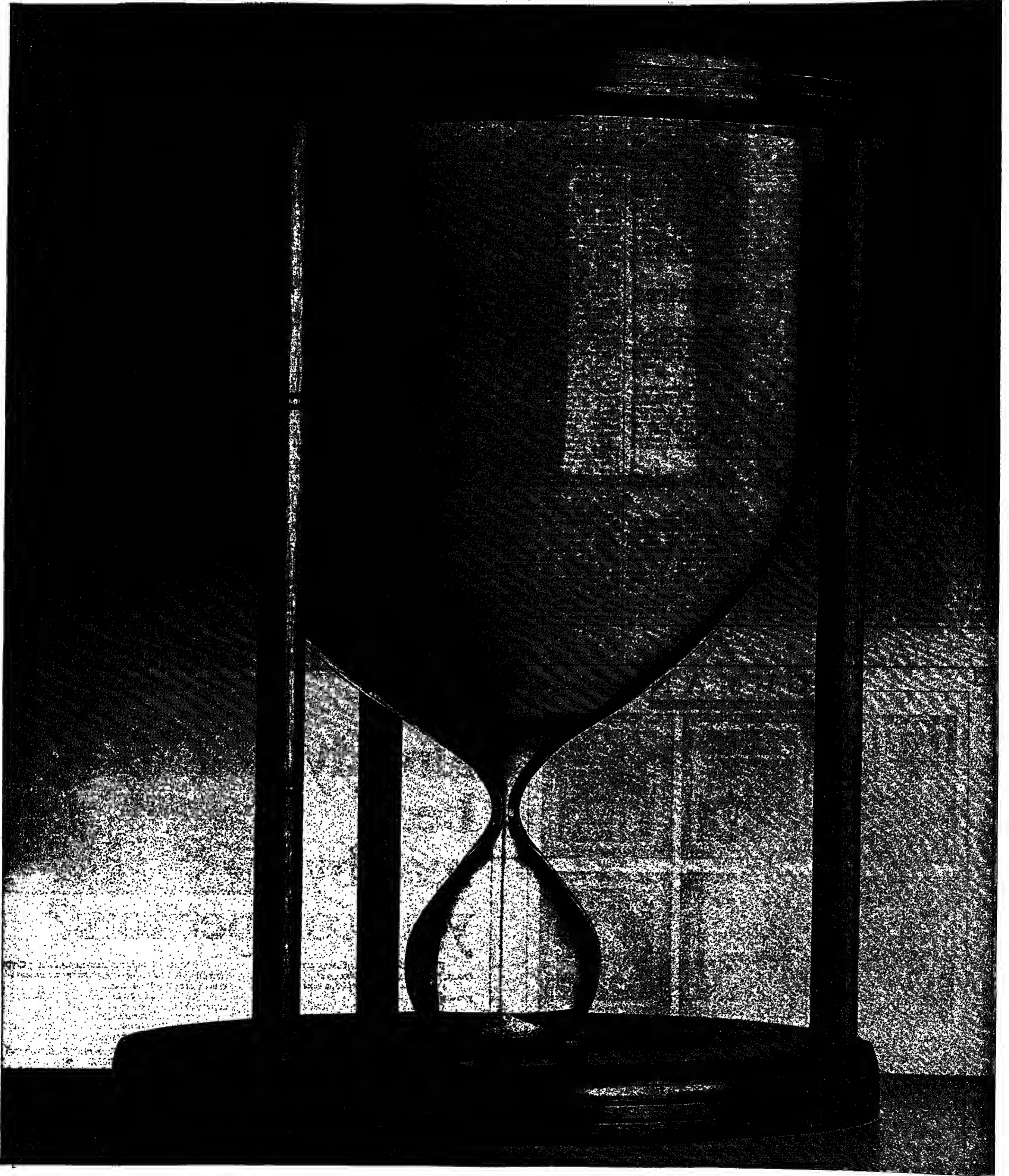
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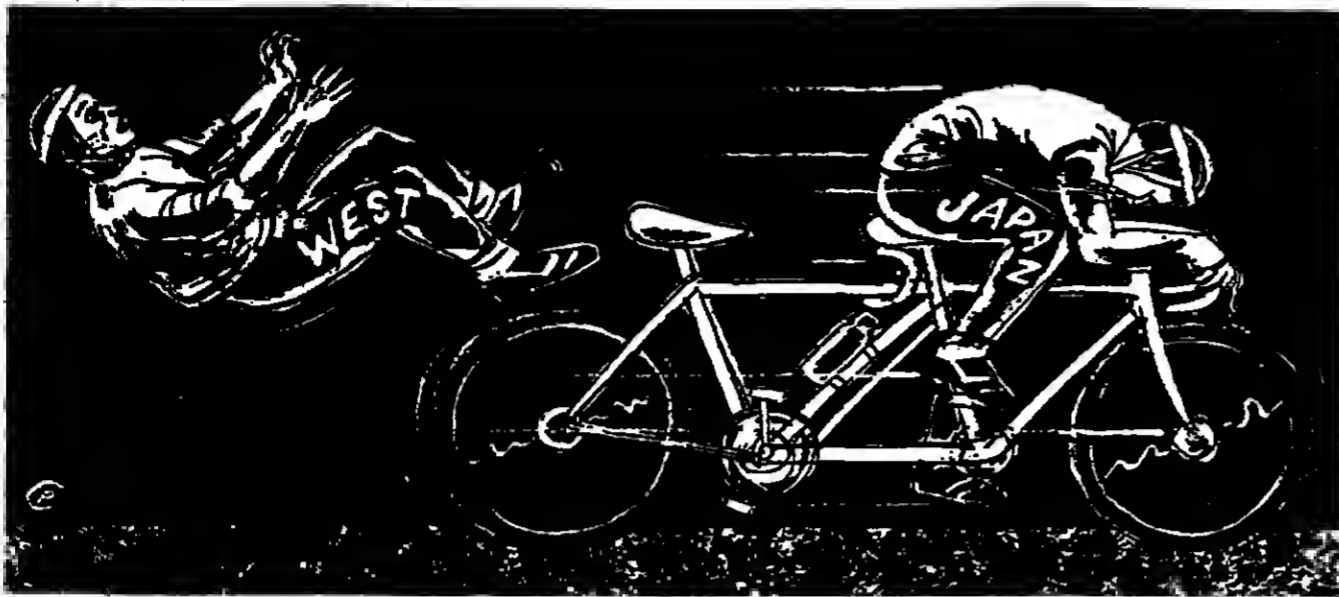
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EDITED BY CHRISTOPHER LORENZ

Triad Power

How Japan can put a spoke in the wheels of the West

Christopher Lorenz explains why collaboration can rebound.



LIKE MOST of its competitors, and much of western industry these days, one of Europe's leading technology-based manufacturers has a collaborative agreement with a fast-rising Japanese company. In theory, the deal extends only to the exchange of technology.

Yet until recently the European company has been blithely involving prime customers to its Japanese partner. Officially, the purpose has been to show them the latest Japanese products. But the European top management has just realised that the meetings have also given the Japanese precious knowledge about the European marketplace, right down to the detailed demands of individual customers. The policy is now under urgent review.

The situation epitomises the way that Japanese companies are their growing plethora of partnerships with western companies not as a cessation of past hostilities, but as a new and highly lethal—form of competition.

According to the newly-fashionable gospel of global partnerships between Japanese, US and European companies, a new era of interdependence and power-sharing is emerging. Neither the Japanese nor the western company can succeed on its own, runs the argument. So both must collaborate, to their mutual and long-lasting benefit.

Not so, warns a group of leading US and European academics: that view may be shared by a large number of top US and European companies, but it is dangerously naive.

Instead, the academics argue that the flood of international joint ventures and "strategic partnerships" merely represents a new phase in the vicious competition between Far East and West. It is a phase in which the Japanese are building ever more managerial and technological competence, while western companies surrender ever more control over their competitiveness.

Partnerships are just one more step in a strategy of global dominance by leading Japanese companies. Professor Yves Dor of Insead, the Paris-based business school, told a major international conference in Singapore this week. "Contrary to what some would like to believe, the multiplication of partnerships does not correspond to a genuine change in the logic of Japanese firms, from competition to collaborative strategies."

Dor's paper, on "International Strategic Partnerships—Success or Surrender?", was

written jointly with Gary Hamel of the London Business School and Professor C. K. Prahalad of the University of Michigan. The three have been collaborating on an extensive study of global competitiveness over the past few years.

The paper was one of the most controversial contributions to the Strategic Management Society's annual conference, at which 400 managers, consultants and academics met to debate a wide range of issues, from corporate culture to the impact of information technology (see right).

The essence of the Doz-Hamel-Prahalad case is that the ultimate aim of most Japanese companies in their partnerships with the west is not to co-exist, but to extract their partner's core of skills, and then either absorb him into an ever-growing spiral of dependence, or break loose and compete with him directly. Their argument is in stark contrast with the "Triad Power" doctrine foreshadowed by widespread speculation in the book of that name by Richard Schonberger, head of

McKinsey and Co's operations in Tokyo.

The three academics insist that there is nothing anti-Japanese about their argument—it is just that the Japanese are better than the West, for a host of reasons, at exploiting partnerships to their own advantage. Most western companies have an awful lot to learn, they warn. They certainly have plenty of tips for them.

Citing a host of examples from a wide range of industries, the trio argues that "the partner intent on global leadership" (which in practice almost always means the Japanese) usually tries to annex the other partner's skills, and to gain control over its technology, in order to relegate the other partner to mere product distribution and the provision of less-than-critical contributions.

Among instances where this has already occurred, the academics cite NEC, which has transformed itself from "a rather hapless licensee" of Honeywell in the 1960s to being in a position to join Bull of

France in effectively taking control of Honeywell's \$2bn worldwide computer business; plans for the deal were announced last month.

Another case of the stronger partner annexing its "ally's" distinctive competence, say the trio, is the collaboration between Honda and BL (now Rover). In the words of their Singapore paper, "Honda made no bones about its desire to learn from Rover aspects of the design of large up-market sedans (saloons), a market segment in which it was not present and lacked experience. Similarly Komatsu relied on its agreements with Cummins to learn about the technology of diesel engines."

Even when the western partner is itself trying to play the same game, the academics argue that the Japanese still hold the whip hand. In its partnership with JVC and Thorn-EMI to make video cassette recorders (known as "J2T"), the French company Thomson has ambitions to learn from JVC's production engineering and manufacturing skills, in order then to

re-assert its independence.

Yet Doz, Hamel and Prahalad report that JVC has erected a multitude of barriers against this eventuality. "JVC has constantly accelerated the pace of new product development, of improved product manufacturing, of transitions to new product generations (that is to 'aim line' VCRs), so its partners constantly have to catch up, retool, gear up for new types, reinvest in manufacturing, and—given the smaller volume they make jointly for Europe, compared with JVC's own Far East production—bear permanently higher unit costs than JVC despite formidable efforts at cost reduction."

Thomson and Thorn-EMI also develop new VCRs on their own, "but they can only develop very few types, while JVC introduces whole new product generations at short intervals. As a result, the European partners are constantly running to catch up . . ."

This is only one of many types of competitive advantage which Japanese companies enjoy in partnerships with the

West, according to Doz, Hamel and Prahalad. Another is the way the Japanese use evolving—not static—networks of partnerships, both to build their own skills and competitiveness, and to fight "proxy battles" against global leaders such as IBM. A Western company that sees its Japanese link in isolation from all the others, and considers its own relationship immutable, does itself a dangerous disservice.

In the computer industry, both Fujitsu and NEC have gained immeasurable competitive advantage from a welter of partnerships in complementary technologies and geographic markets. Fujitsu's partners, for instance, include Texas Instruments, GTE, ICL, Amdahl, Siemens and Telefonica of Spain.

In the European market, the local partners of both Fujitsu and NEC "have become the front line of the Japanese manufacturers' challenge against IBM," report the academics. So long as the local companies were relatively weak, IBM tolerated them. But now it has grown more aggressive. "Through this process, the (European) partners have become cannon fodder in a global fight, and may, ultimately, be greater than they would have been before the partnership."

Yet another, but less obvious source of advantage to most Japanese companies in partnership with the West is the superior ability of their organisations to learn from their partners. This results in part from Japan's long tradition of selective absorption and adaptation of foreign ideas and technology, and also from the quality of vertical and horizontal communication in Japanese companies.

By contrast, as Doz and co point out, western companies tend to suffer from the notorious "not invented here" syndrome. And their greater specialisation of task and responsibilities makes the assimilation and use of complex know-how more difficult.

Even less clear to the inexperienced western eye is the fact that information exchanged between the partners, or gained by one of them, outside the formal areas of collaboration is just as important as what is traded within it. Much of the encroachment within any partnership, and the process of "dynamic bargaining" which accompanies it, occurs well down the organisation, out of sight of top management.

Western managers need to become much more aware of this problem, advise the academics. They must recognise where to draw the line, even if this involves aggravating their all-im-

portant Japanese partner. The trio's extensive advice to western companies includes the following points:

- Partnerships are a second-best solution to going-it-alone. They are certainly fashionable, but they should be entered into only if really necessary, and then with great care. Significantly, the Japanese are proving most reluctant to co-operate with Korean electronics companies, who are using a succession of separate partnerships of limited duration—in an evolving network—as successive rungs on the ladder to international competitiveness. The Japanese are rightly reluctant, say the academics. By contrast, "US companies are helping Korean firms absorb onto the world electronics markets in the 1980s, as they did for Japanese competitors in the 1960s and 1970s."

- Encroachment can be contained in several ways, mainly by reducing the visibility and transferability of one's own contribution to the partnership. Partnerships in the aerospace industry, for instance, have resorted to very tight control of technology transfers. This includes the "triadic" partnership between Pratt and Whitney, Rolls Royce and a Japanese consortium for the development of the V2500 jet engine. But the academics are concerned about this venture on other grounds, including the advantage Japan may gain by having some of the same companies collaborate with Boeing on a different project.

- Western partners must constantly replenish their own core skills (such as product development and distribution networks), so that they can increase their bargaining power within the relationship, or their strength outside it.

- Above all, Doz, Hamel and Prahalad warn that "the management of relative power within a strategic relationship is a fundamental and neglected issue that companies approach piecemeal. As a result, many companies may lose more than they gain through partnerships, and may only become aware of this imbalance too late."

- By then, they have no option left except to continue a relationship in which they are increasingly dominated. The fate has already befallen many well-known western companies. Hundreds more will follow unless they realise that (in the academics' restrained and elegant phrasing), a simplistic and naive view of the merits of "triadic" partnerships "can be quite detrimental to the long-term success of American and European firms." Put more succinctly, it can kill them.

Asia grapples with corporate culture

THIS WEEK'S gathering of the eight-year-old Strategic Management Society was the first to be held in Asia. Its theme, Cultures and Competitive Strategies, is especially crucial for the future development of indigenous companies in the Pacific Rim.

As national economies continue to stagnate, particularly in ASEAN countries, local conglomerates are pushing hard to expand into international markets. According to management theorist Gordon Redding, this may mean a major shift in corporate culture from one dominated by the family to one heavily influenced by technocrats.

Professor Redding points out that the enclaves of overseas Chinese still tend to be the driving force behind many economic success stories, from Thailand and Malaysia, to Singapore and Taiwan. But the old style of doing business makes it difficult for these family-run firms to expand internationally.

According to Redding they rely largely on a Mafia-like organisation which flourishes best under laissez faire governments. In order to maintain tight family control the business is kept small through low capital investment. Until technology transformed the ways of doing business, Redding says, "there was no mechanism to produce large scale operations" such as those found in South Korea or Japan.

Today, however, he says "the family businesses are well aware that the old system will not work any more, and the younger generation is seeking advice" about how to modernise their management.

Redding and Professor Derek Channon, president of the SMS, admit that in manufacturing the Chinese have more difficulty building "big" organisations. This often requires substantial capital investment, a commitment the Chinese are often unwilling to make without immediate financial return. It also means expanding the management circle outside the family, which requires a good deal of trust.

However, Channon thinks the trend towards "flexible manufacturing" through advanced technology will help.

Stephanie Yanchinski

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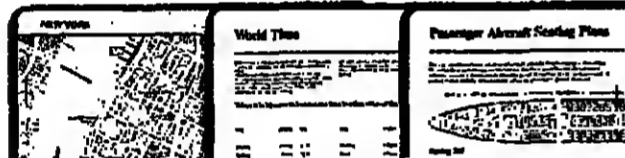
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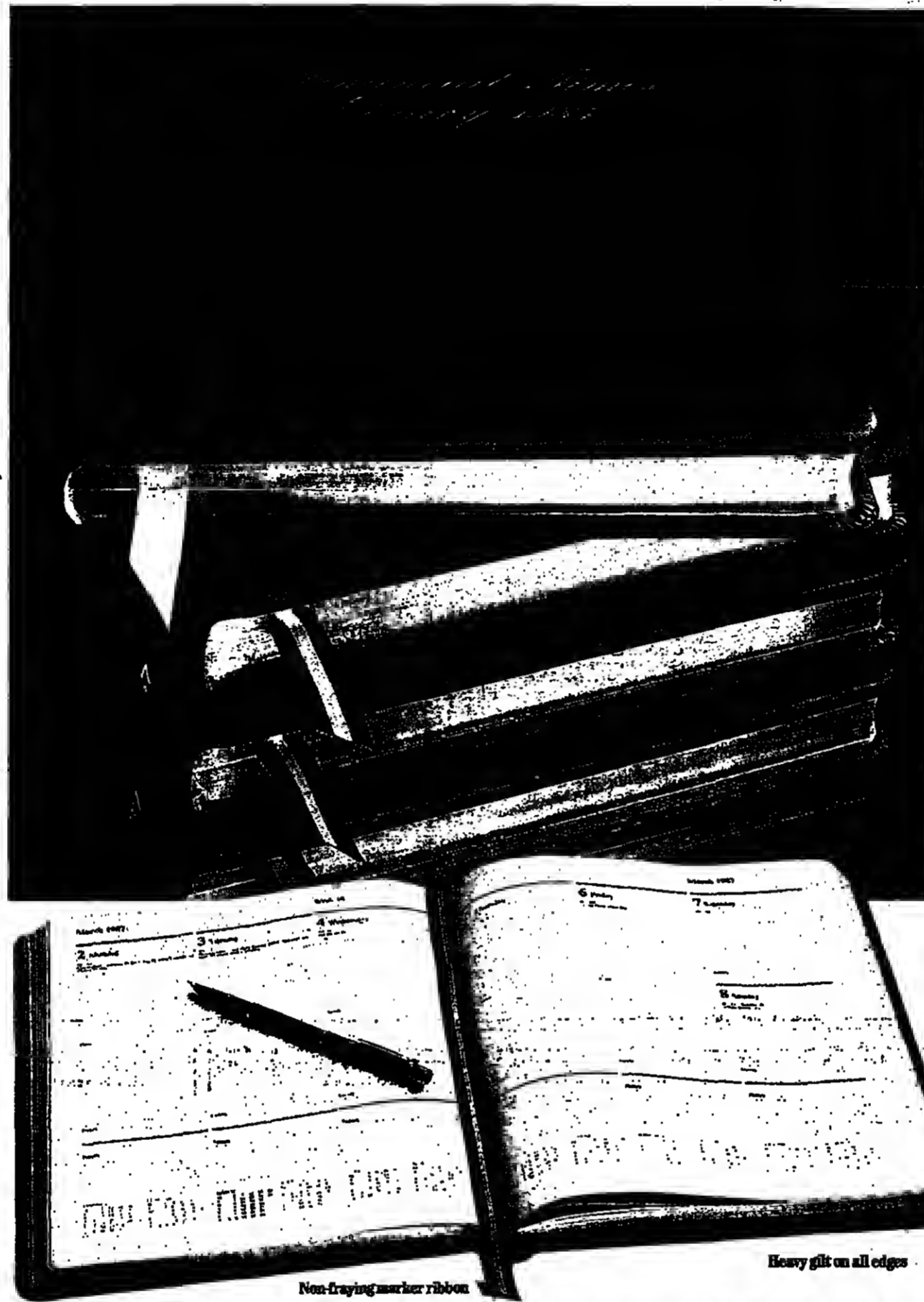
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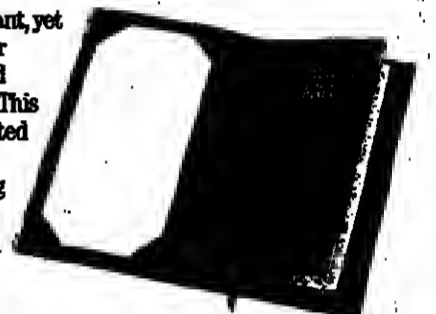
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UK NEWS

North Sea refunds are offset by non-oil tax

BY JANET BUSH

BUOYANT non-oil tax revenues helped to offset the Government's refund to North Sea oil companies of around £1bn in oil tax during September.

Despite the repayment of Petroleum Revenue Tax, the Public Sector Borrowing Requirement still reached £2.2bn in the month, bringing total government borrowing to £8bn in the first six months of the current fiscal year.

The PSBR in September was lower than most forecasts which had looked for a requirement of nearer £3bn. Prices of UK Government bonds edged up around 1/2 percentage point immediately after release of the figures yesterday but failed to consolidate their gains in a market which was waiting for the Chancellor of the Exchequer's Mansion House speech.

Lawson restates faith in strategy

THE CHANCELLOR, in his speech at the Mansion House last night, said: "The Big Bang, and all it stands for, is above all a response for intense international competitive pressures. The major financial centres are fast becoming part of a global market in which innovation is a way of life, and traditional distinctions between national and international markets, and between different kinds of financial institutions, are becoming increasingly blurred."



Nigel Lawson: "Exchange rate fall was inevitable"

of the Budget. Inflation has fallen even more sharply than forecast. Even excluding the effect of mortgage rates, which somewhat idiosyncratically we include in the Retail Price Index, inflation is now only a little above 3 per cent, and I would expect it to continue at around this level over the next few months.

"What has been disappointing is the growth of world trade, and thus of UK exports, particularly over the last year and the first quarter of this. Imports to the industrialised countries have accelerated along with higher domestic demand, but the oil and commodity producers have cut back their exports much faster than expected."

Bus companies show interest in axle range

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SEVERAL truck and bus companies, most of them European, are showing interest in a range of light-weight, drive axles developed jointly at the cost of DM 15m since 1985 by MAN, West Germany's second-largest heavy vehicle producer, and the Eaton Corporation of the US.

Discussions with other truck makers about the use of the new axles are "in an advanced stage." The deal between Eaton and MAN is the only one of three significant truck component joint venture projects to survive the stresses such negotiations impose on potential partners.

Court imposes 12-year ban on JMB debtor

By Terry Powey

MR MAHMUD SIPRA, who was the largest single debtor of Johnson Matthey Bankers (JMB), was yesterday barred for 12 years from being a director of any UK company. The application was made in the High Court in London by the Official Receiver and was not opposed.

"Since both the strategy and its implementation remain precisely as I set out in those two speeches, you will be glad to know that I do not propose to weary you by repeating it yet again tonight. "There are, I know, those who still complain of being confused—and judging by what they write, some are exceedingly confused. But they are either simply complaining that the world is a complicated place, which sadly is all too true, and is something that grown-ups have to come to terms with; or else they are so wedded to confusion that it would be grossly improper to try and separate them from it."

"I know there are some—the small businessman, the home owner, people whose interests are at the heart of this Government's concerns—who are disappointed that I have had to raise interest rates at all. "Short-term interest rates, as I pointed out in my Lombard speech, are the essential instrument of monetary policy. "This my objective had to be to keep them, on average, at whatever level is necessary to produce monetary conditions that bear down on inflation."

"In current circumstances, the Governor and I judged that this required a rise in interest rates of one per cent, giving a substantial margin over equivalent dollar rates and implying UK rates of something like 8 per cent in real terms. "Given this assessment, to have moved in the fevered and turbulent market atmosphere of the fortnight that followed the Washington meetings would not have been sensible. "It would inevitably have meant a rise of 2 per cent, and indeed the press were predicting at the time, which would have been excessive. And, as I have said before, and shown by my actions in January and February, I have no more wish to see monetary conditions too tight than I have to see them too lax."

"I do not conceal that there is necessarily a large element of judgment in this, both of monetary conditions and of market tactics. "Finally, I turn to the outlook for the UK economy. Since I spoke here last year, the world has been going through a difficult phase of adjusting to the major shifts in relative prices which have occurred over the past year or so. The dollar, commodity prices, and in particular the oil price have all changed by massive amounts. "The initial effect of these upheavals has been to slow down somewhat the growth of world activity. But just as, after each of the massive oil price increases in the seventies, there was a delay of some months before output was adversely affected, so the benefits to economic activity from cheaper oil are only now beginning to emerge. "I would expect to see a gradual quickening in the pace of world economic growth over the next year. "In this country, domestic demand has risen rapidly this year, as expected at the time

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Governor urges Big Bang restraint

BY DAVID LASCELLES, BANKING CORRESPONDENT

THE GOVERNOR of the Bank of England appealed last night to all market participants to show restraint and exercise a degree of self-restraint in the competition after the Big Bang, now only ten days away. In what is likely to be his last opportunity to address the City publicly before October 27, Mr Robin Leigh-Pemberton spoke at the Mansion House of his fear that deregulation would lead some firms to overreach themselves and suffer losses. "Some might even have to withdraw from the markets, though no one should view that as a failure of the system because there was a limit to how far regulators should interfere. "Consequently, it will be vital for all market participants to exercise a degree of restraint," he said, adding that widespread predictions that trading capacity after Big Bang would be greatly in excess of actual volumes, and

that many dealers would have trouble operating at a profit, particularly in the gilt-edged market for which the Bank is responsible. Mr Leigh-Pemberton warned market-makers and dealers not to indulge in excessive margin-cutting to build up market share, because, he said, they would only store up trouble for themselves. Predatory pricing would undermine the benefits of increased competition that Big Bang was supposed to bring about. The Governor advised institutional investors not to abuse their bargaining power in negotiating terms with dealers, because it was in their interests to have a wider-based array of intermediaries operating in the markets. On monetary policy, Mr Leigh-Pemberton said that the

recent fall in sterling was "fully sufficient" to adjust the UK's current account to the drop in the oil price without adding to the risk of inflation. He acknowledged that liquidity and credit had been growing "uncomfortably fast" in the UK, and that there had been heavy speculation against sterling. But, he said, the UK authorities had refused to be rushed into hasty policy decisions by the recent market turbulence. "Markets deliver important signals, but they also generate a degree of hubris and it may take time to distinguish the true signal as it emerges from the noise," he said in explanation of the time that the authorities had allowed to elapse before engineering this week's 1 per cent rise in base rates.

Failure of regulation 'would carry heavy cost'

By Nick Banker

LONDON'S financial community would face serious political consequences if it failed to make self-regulation work, Mr Peter Miller, chairman of Lloyd's, the insurance market, said last night. The price of failure would be "heavy indeed," he said at the Mansion House dinner. It would be likely to produce political results out of all proportion to the extent of the failure. At the same time, he said, Lloyd's and the City needed to ensure that efficient self-regulation did not stifle wealth-creation. "It is calm waters of balance we need, not the voices of political or media polemic." Mr Miller said that during a recent visit to the US he spoke to American underwriters, members of Lloyd's, who provided much of the market's capital base. "They were quite clear, and rightly so, that they expected effective self-regulation at Lloyd's," he said. "They expressed themselves satisfied so far with the efforts of the Council of Lloyd's." "On the other hand, they expressed anxiety at the greatly increased costs of our self-regulation and also at the possibility of the council stifling the market by over-regulation." The costs of self-regulation at Lloyd's had risen from \$3.5m in 1981 to nearly \$12m and an enormous amount of management time had been devoted to "re-examination upon re-examination" of what Lloyd's was doing. Time spent in self-regulation, however, must be time taken away from the activity of obtaining and servicing the insurance business. "Money spent in self-regulation must be money taken from the profits of the business." "I would enter a plea for all of us to remember that it is the activity itself which provides wealth, not the activity of regulation, vital though the latter is to the success of the former."



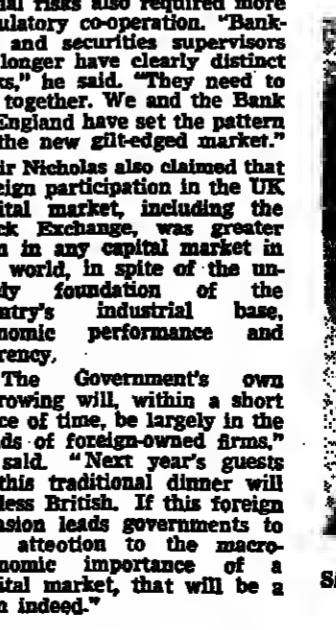
Robin Leigh-Pemberton

SE, Isro merger 'most important event'

BY CLIVE WOLMAN

THE MERGER between the Stock Exchange and the International Securities Regulatory Organisation will be seen as "the most important event of these few turbulent years," Sir Nicholas Goodison, Stock Exchange chairman, said last night. The merger, which will create a unified exchange and UK and international securities regulator, was agreed last September after six months of negotiations between the Stock Exchange and Isro, which represents mainly large foreign-owned banks and securities houses. The merger, said Sir Nicholas, would be seen as the culmination of many years of effort to strengthen the position of London in the international market-place. It would enable the costs of developing new technological securities dealing systems to be shared between more organisations, and help ensure higher and

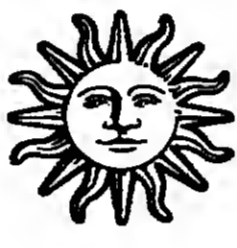
more consistent regulatory standards. Sir Nicholas, however, criticised some aspects of the regulatory framework for the City. There were "unfortunate confusions in parts of the much-amended Financial Services Bill." These, he hoped, would be dealt with practically, although it would not be easy since a system of statutory regulation had been chosen. In spite of its defects, the bill would have to be passed by Parliament, he said, because it would not do to leave all those areas of investment outside the Stock Exchange unregulated. There was a compelling need, however, for greater and swifter co-operation between securities regulators in different countries because of the increase in international investment and capital raised by companies in other countries' markets. The convergence of the banking and securities business and the growing complexity of financial risks also required more regulatory co-operation. "Banking and securities supervisors no longer have clearly distinct tasks," he said. "They need to get together. We and the Bank of England have set the pattern in the new gilt-edged market." Sir Nicholas also claimed that foreign participation in the UK capital market, including the Stock Exchange, was greater than in any capital market in the world, in spite of the unlikely foundation of the country's industrial base, economic performance and currency. "The Government's own borrowing will, within a short space of time, be largely in the hands of foreign-owned firms," he said. "Next year's guests at this traditional dinner will be less British. If this foreign invasion leads governments to pay attention to the macro-economic importance of a capital market, that will be a gain indeed."



Sir Nicholas Goodison: critical of regulatory framework

LONDON SHARE SERVICE

Company Name	Price	Change	Volume
AAVE	10.00		
AB	10.00		
ABR	10.00		
ABT	10.00		
ABX	10.00		
ABY	10.00		
ABZ	10.00		
ABC	10.00		
ABD	10.00		
ABE	10.00		
ABF	10.00		
ABG	10.00		
ABH	10.00		
ABI	10.00		
ABJ	10.00		
ABK	10.00		
ABL	10.00		
ABM	10.00		
ABN	10.00		
ABO	10.00		
ABP	10.00		
ABQ	10.00		
ABR	10.00		
ABS	10.00		
ABT	10.00		
ABU	10.00		
ABV	10.00		
ABW	10.00		
ABX	10.00		
ABY	10.00		
ABZ	10.00		
ABA	10.00		
ABB	10.00		
ABC	10.00		
ABD	10.00		
ABE	10.00		
ABF	10.00		
ABG	10.00		
ABH	10.00		
ABI	10.00		
ABJ	10.00		
ABK	10.00		
ABL	10.00		
ABM	10.00		
ABN	10.00		
ABO	10.00		
ABP	10.00		
ABQ	10.00		
ABR	10.00		
ABS	10.00		
ABT	10.00		
ABU	10.00		
ABV	10.00		
ABW	10.00		
ABX	10.00		
ABY	10.00		
ABZ	10.00		



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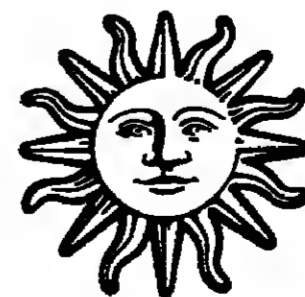
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*Source: I.P.M.S. survey 1986. Major insurance companies with funds under management of over £20million.



SUN LIFE

BRINGING INVESTMENT TO LIFE

THE ARTS

Cinema/Nigel Andrews

Madonna on the rocks

Shanghai Surprise directed by Jim Goddard. Oxford House directed by Robert Inglis. Steel and Roses directed by John McGrath. Nightmares on Elm Street Part 2 directed by Wes Craven.

Transplanting stars is a favourite ploy in movie packaging. Take a screen idol, uproot him from his natural habitat...

seaside rock. The more you bite into it, the less the word will go away, however sticky and distorted it becomes en route.

But the direction by Britain's Jim Goddard (late of Perser) turns it all into a rickshaw ride through cliché. Pentonville villains rear up in the dark and harrowed swoon at the touch of a male kiss.

The travel department of American showbiz has been doubly busy this week. Not content with sending Madonna to China, they dispatch Rob Lowe, Hollywood's resident heart-throb, to England.

What results is a movie about a bumpkin New-worshiper whom most Americans would be ashamed to recognize as their own.

John McGrath's Blood Red Roses has plenty to say about the latter. Made for serial consumption on Channel 4 TV...

John McGrath's Blood Red Roses has plenty to say about the latter. Made for serial consumption on Channel 4 TV...

Between-whiles Bessie is the scourge of every authority figure she meets. "Don't talk such rubbish," she yells at her school chaplain...

What results is a movie about a bumpkin New-worshiper whom most Americans would be

union-leader husband (Gregor Fisher). She fights nationalists with her bare fists.

The miracle is, she remains a sputtering charmer despite the length of the journey and the potentially disruptive change of actresses in mid-flight.

Seekers after entertainment more garish and ephemeral may choose between Nightmares on Elm Street Part 2 and Disney's rereleased Cinderella.



Sean Penn and Madonna in "Shanghai Surprise"

kins which change shape, mice who metamorphose into coach horses and a woman who keeps coming in waving a sparkling stick and claiming a god maternal relationship.

Cinders is saved by a handsome Prince and by being thrown into the deep end of some of the most eye-revelling animation the Disney studios ever created.

Paris dance contest

Freda Pitt

The French love a gala; the French love competitions; put the two together, and success is assured.

By D. Larrien, suffered from excessive reliance on the spoken accompaniment. The award of the women's prize to Pascale Verrier from a French group called Jazz Art, was warmly approved.

The same evening Ludmilla Semenyak and Yelena Mikhaylovskaya danced Raymonda with the Bolshoi at the Palais des Congrès.

The Secret Life of Cartoons/Aldwych

Michael Coveney

Clive Barker's The Secret Life of Cartoons is a film that weds showbiz with a New York cartoonist and his rebellious creations.

Beef the Rabbit-Hunter and widge out a large salmon to defend himself. Susceptible to the merest hint of sexual connotation, Lorraine paradoxically supports all about Dick and is seduced by the rabbit.

And tiresome showbiz routines tumbled while the Captains are reunited in a romantic (paper) moonscap.



Uma Stalins, Derek Griffiths, Peter O'Farrell, Amanda Kemp and James Warwick

Continued from Page 16

Exhibitions

Chinese Pottery - the transitional period 14th-16th Century of Si-chuan, Yunnan, Hunan and Jiangxi. Museum of London. Ends Nov 14.

Grand Palais, closed Tue. Ends Jan 5th (1987).

WEST GERMANY. Bremer Wiss. Hist. The chairman of Krupp, Dr Bernhard Bulz, who is also head of the private Bulz cultural foundation...

NEW YORK. Museum of Modern Art, 1900, including 17th paintings, designs and objects, covers silvers, jewelry, furniture and ceramics.

CHICAGO. Chicago Historical Society, Louis Sullivan seminal figure in American architecture, is celebrated in an exhibit in the city...

London. The Royal Academy in St. John's Coliseum - the exhibition of Francis. It is an artist's sketches and sketches, even more than his drawings, that he demonstrates the true nature of his ideas.

ROME. Museo Civico. Exhibition of the 19th century, including the 19th century, including the 19th century, including the 19th century.

PARIS. Grand Palais, closed Tue. Ends Jan 5th (1987).

CHICAGO. Chicago Historical Society, Louis Sullivan seminal figure in American architecture, is celebrated in an exhibit in the city...

Parke Ensemble/October Gallery

Andrew Clements

The Parke Ensemble's autumn concert series concentrates upon the music of three composers John Woolrich, Philip Grange and David Lankaster...

Litton/Festival Hall

Dominic Gill

The conductor of Wednesday's London Philharmonic concert was Andrew Litton—the young American who four years ago, at the age of 23, was awarded the Rupert Foundation Award...

I Commedianti

Rodney Milnes

I Commedianti ("literally 'The Comedians'") as the programme helpfully informs us is a group under the direction of the Italian buffo Federico Davia...

Saleroom/Annalena McAfee

Museum buys rare clock

A rare 17th century Dutch clock was bought for £121,000 by the London Science Museum yesterday at Sotheby's sale of clocks and watches.

The Science Museum's new acquisition sheds further light on the history of the pendulum and has generated some excitement among dealers and private collectors.

R.A. Lee of London also paid £72,200 for a small 17th century Bolognese alarm clock. The morning half of the sale made a total of £644,501 with only 4.68 per cent bought in bidding.

POLITICS TODAY

On track, but not on time

By Malcolm Rutherford



Kenneth Baker: promised at least 20 City Technology Colleges

WERE we all carried away by the Tory air of confidence in Bournemouth last week, especially as it came at the end of a conference season that had so many ups and downs that judgment may well have been distorted? Rather to my surprise, I have come to the conclusion that the answer to that question is "no". The Tories had a very good conference and will be exceedingly difficult to beat in the general election. Conference speeches are rarely worth re-reading. Most of the speeches made at Bournemouth actually read rather better than they sounded. Chancellor Nigel Lawson, echoing the Conservative Party historian, Lord Blake, said: "Never underestimate the odds of ideas. No British Government has ever been defeated unless and until the side of ideas has turned against it." In fact, the theory is not infallible. It does not explain why, for example, Mr Edward Heath was defeated in 1970, nor even why the then Mr Harold Wilson lost in 1970. Governments can simply get the timing wrong. But as a general theory of politics it serves very well. It explains why Labour won in

Labour Party came down in favour of unilateral nuclear disarmament and a potential quarrel with the Americans to boot. Even Tories who dislike the Government's present economic policies rally round the party flag when it comes to the defence of the realm. Not one of the Tory dissidents or former cabinet ministers has ever attacked Trident. All that clearly boosted Conservative confidence. The split in the Alliance had been hoped for, but not expected. Yet there was a positive side as well. The Tories have begun to put forward a set of plausible and coherent policies designed to win a third term. The theme may be paraphrased something like this: "Of course, it has all taken much longer than we thought. When we came in in 1979, we really believed that we could turn the country round pretty quickly and without such cost in terms of unemployment. Nevertheless, we've learned a thing or two since then and some achievements are behind us. In the first instance, the curbing of the unions, the defeat of the miners' strike and the spread of share ownership. We're now in a position to survey the scene, recognise the gaps, and put everything together again in a non-socialist way. The worst is over. One more term and we'll finish the job."

The Tories had a very good conference

1945, became crippled in 1980 and lost in 1981. It also explains why the Tories were finally voted out of power in 1964 and why Mr James Callaghan was defeated in 1973. The Tories came back with a whole range of new ideas. The lesson from Bournemouth was that the ideas may have been revised a bit since 1979, but that they may still be popular. No one else has come up with anything better. In fact, this is by default. So long as there are two opponents—Labour and the Alliance—which fight each other at least as much as they fight the Tories, the Government is bound to benefit. Defence also played into the Government's hands. The Alliance split over nuclear weapons and the

Appealing to the masses

From Mr J. Brown, MP
Sir,—Balanced against the need for massive nuclear disarmament, the Russian offer in Reykjavik was, while seductive, worth very little. I was saddened to read (October 15) that Lord Gladwyn accepted it at face value.
During his visit to London in December 1984, it was obvious that Mr Gorbachev possesses enormous charisma and the ability to talk over the heads of western leaders direct to people at grass roots and to appeal to special interest groups.
Under Mr Gorbachev (who was probably effectively the managing director of the Soviet Union under the chairmanship of the ailing Chernenko), the method and style of Soviet relationships with the west have changed. But the goals have not.
Mr Gorbachev has the ability to portray himself as a "nice guy". Lord Gladwyn appears to believe this and to accept Mr Gorbachev's offers at Reykjavik as extremely far-reaching and apparently acceptable. I believe the opposite is true.
Lord Gladwyn calls for Americans to stop their strategic defence initiative (SDI) programme but makes no mention of the fact that the Soviets already have their own rudimentary SDI. Indeed, it is probably their own experience that tells them that either the US will overtake them in SDI or that SDI will dangerously destabilise the nuclear "straw" of the past 40 years, or both.
Having been able to observe Mr Gorbachev and his delegates face-to-face for many hours and under varying conditions during their London visit, it appeared quite obvious that even the threat of SDI had brought the Soviets to the negotiating table for the first time in decades to talk seriously about disarmament. In short, SDI is a trump card in the hand of the west. Played correctly, it could lead to a massive nuclear disarmament and a period of unprecedented strategic peace and prosperity.
Mr Gorbachev's intelligence, toughness and wit combined make him a formidable foe. By offering disarmament talks that no serious democratic western leader could refuse, he forced President Reagan to Iceland at short notice and possibly off balance. By whipping up expectations he brought serious additional pressure to bear.
In Reykjavik, Mr Gorbachev faced President Reagan with a new option. The President had either to give up the trump SDI card cheaply or seem to ignore what appeared to be an unprecedented and far-reaching offer of nuclear disarmament.
Under Mr Gorbachev, the

Letters to the Editor

Soviets won a propaganda battle at Reykjavik. By negotiating from strength, however, and drawing upon his integrity, President Reagan won the "stand-off." He resisted the Soviet's cunning offer without yielding anything on SDI. At the same time, he forced the Soviet to make concessions on SDI on missile reductions that offer considerable potential to future disarmament talks.
Although both leaders appeared to leave empty-handed, it is likely that the Russians will return to tempt the SDI card away from President Reagan. Next time, they are likely to offer even more in terms of concessions.
John Brown,
House of Commons, SW1.

Saving works of art
From Sir D. Mahon
Sir,—Anthony Thorncroft justifiably stresses (October 11) the vital contribution of the National Art-Collections Fund in helping to finance acquisitions by our public museums, great and small. He is right, too, to draw attention to the constructive role played in recent years by Sir John Walsby, its director, in trying to make the NACF better known and to enlarge its constituency of supporters.
Mr Thorncroft, however, drops a hint that, in the legitimate search for a bright new image, consideration might be given to dropping the word "collections" from the fund's title. But since this clearly differentiates it from other analogous bodies by specifying its commitment to the support of public collections in particular, I should be grateful for the opportunity of entering an emphatic plea against this, pointing out in addition that the fund has repeatedly been referred to in the statute book under its present title. Instead, I would suggest that the desirable process of "revitalisation" might be better served if thought were to be given to strengthening and widening of the membership of the executive committee.
Mr Thorncroft also refers to some signs of progress towards fiscal reform (having the effect of mitigating the incessant heavy calls on the NACF) which have been achieved by the art lobby in recent years. One of these was the abandonment of a rigid ceiling fixed in advance on the total amount of tax liability in a year which could be discharged by the cessation to the state of works of art and museum objects.

Contrary to what could be supposed from Mr Thorncroft's phrasing, these transactions are not purchases for cash. And the figure of £12m cited by him was (as Lord Goveie, the then Arts Minister, made clear when announcing it in July 1985) neither a target nor a limit.
This was generally interpreted to mean that up to that sort of figure the effective discretion to accept rested with the Minister for the Arts rather than with the Treasury, which would however become involved in any decisions which would cause it to be exceeded. Unfortunately, however, this reasonable deduction has never been confirmed by Ministers. Yet frank and open endorsement of it would encourage resort to a statutory facility which provides a most valuable line of defence in the retention of our national inheritance.
(Sir) Denis Mahon,
33 Cadogan Square, SW1.

Interest in small companies
From Mr N. Blackley and Mr E. Hardman
Sir,—We were surprised at the opinions expressed upon the basis of James Capell's smaller companies monthly in the Lex column of October 14. The objective of our feature article was to get a relative measurement of the underlying earnings performance of small companies against the main market, using the USM as a surrogate. If the USM starts its life with a price/earnings premium of 8-10 points over the FT All Share Index, then it is conceptually correct to adjust for a reduction in the differential to 2-3 points to get at the underlying earnings growth over the period of the USM. We then adjusted for two sectors whose weightings and stock performance were so out of line that there was an additional distortive effect. It was interesting to see that this distortive effect created only a 1% per cent underperformance over the period of the USM, compared to 50 to 60 per cent for the reduction in PE differential between USM stocks and the main board. We therefore decided that it was unnecessary to adjust for any other sector weightings that were out of line with the FT All Share Index. There was therefore no double counting involved in our adjusted USM Index.
We are advocating a smaller companies portfolio, not a USM portfolio, and weightings based upon the FT All Share

speech to say that £12m was being made available to help combat crime on the London Underground. The unemployment figures are now much more carefully broken down so that specific problems can be identified and better dealt with at a local level.
The message, in short, is that the Government is saying that it has acknowledged the scale of the task and is determined to go ahead and tackle it in its own free enterprise way. There will be a safety net, but in the Chancellor's words it will be a net "to catch those who fall, not a spider's web to trap those who can fly."
Apart from unemployment, the two areas where the Government seemed most vulnerable during the summer were health and education. Health may still take some resolving, though Mr Fowler has certainly begun his fight to prove that the condition of the service is not nearly as deficient as is sometimes believed. On education, however, it is possible that the Government has won the initiative.
Mr Kenneth Baker, the Secretary of State, was gracious enough to pay tribute to his predecessor, Sir Keith Joseph, and it is perfectly plain that the story of activity on the schools front in the last few months cannot be all Mr Baker's doing. It owes a great deal to the work put in by Sir Keith and his 1985 White Paper, Better Schools. But it is hard to deny that something visible has begun to happen.
True, the teachers' dispute has still to be finally settled, yet on the assumption that it is, a corner has been turned. The new GCSE examination is in place, head teachers and their staff may be regaining their former status and Mr Baker has promised that the 20 or so new direct grant City Technology Colleges for 11 to 18 year olds should open in 1988.
The CTCs seem to use the most imaginative step of the lot and Mr Giles Radice, the shadow education spokesman, was foolish to attack them for potentially depriving existing schools. It is a long time since a wholly new school has been built in Britain and across the country. Moreover, the colleges will have several purposes. They should help the inner cities. They will advance technical training without sacrificing the humanities

Advantages as well as pitfalls may lie ahead

and they will involve the participation of industry.
Mr John Biffen, the Leader of the House of Commons, is talking about the Government groping towards a new Education Act like the Butler Act of 1944. The introduction of the CTCs and the founding of the CTCs are at least a start.
There are many well known advantages as well as pitfalls to come. The country is sufficiently rich in energy resources to be able to absorb the exhaustion of North Sea oil if it plans carefully. And it is not self-evident that the demand for public spending on roads, hospitals and schools will rise exponentially. Sooner or later it must level off and Mr Lawson's aim of further cuts in tax and a low borrowing requirement will be within reach.
The Chancellor goes too far when he speaks of "a Britain with her head high and not a Britain with her hand held out." He overlooks the long relative decline in comparison with other countries and the peculiarly British anomalies like the world's 19th economic power being the third or fourth nuclear state. (Tory defence policy was not discussed because everybody was talking about Labour and the Alliance.) We are not going to be a West Germany. First in a modest way bit by bit, there is something in the claim that the Government is getting where it wants to be. It is not on time, but it is on track.

Lombard

Flaws in the new City rule book

By Clive Wolman

FORGET ABOUT the City. Forget about SROs, RIFs, RPBs, Chinese walls, market stabilisations, customer agreement letters and all the other arcane subjects covered by the Financial Services Bill, now entering the final stages of its parliamentary passage.
There is only one subject in the bill of which the vast majority of the population has direct experience: the financial advice they receive from bank and building society managers, mortgage and insurance brokers, door-to-door and telephone insurance salesmen, and other self-styled investment consultants.
Yet the practices of these supposedly impartial advisers is the one area of abuse which has not been tackled adequately by either the bill or the rulings of the Securities and Investments Board (SIB), the embryonic City regulatory body.
For taking perhaps 30 minutes to recommend an endowment mortgage, a pension mortgage, a protection plan, a "school fees" savings plan, these intermediaries will pocket approximately 120 per cent of your first-year payments as commissions. If your premium comes to say, £1,000 a year, they will be given about £1,000 to £1,200 by the insurance company behind the deal. It in turn will recoup the commissions through its charges to you. For every £1,000 you pay into such a plan, more than £200 will typically disappear in charges.
Unless Parliament now intervenes, the customer is not going to get any clearer about where his money is going or how his adviser is being financed.
The SIB's draft rules on insurance marketing provide two exceptions to the principle of full disclosure of charges and costs: that is emphasised throughout the rest of the SIB rules, with no justification other than custom and practice.
Over the last 20 years, insurance companies have won the lion's share of the UK's long-term savings market by selling what are essentially savings contracts covered with a 10-year life assurance of negligible actuarial value. The 10-year period permitted the insurers to win

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CGCT thriller likely to run and run

BY PAUL BETTS IN PARIS

THE INTERNATIONAL battle for control of Compagnie Générale de Constructions Téléphoniques (CGCT) is likely to run for several more months...

Suitor must be 'handsome, big, rich and generous'

- Claude Vincent

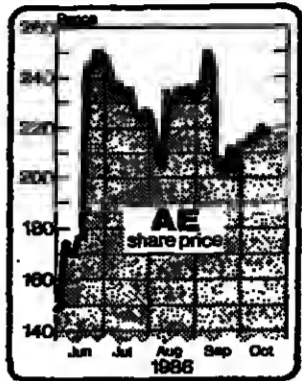
Although the main attraction of CGCT for the rival international telecommunications groups is that it will give one of them access to an initial 16 per cent share of the French public telephone exchange market...

reduced to 2,800. The company has also sold its Paris headquarters and is moving into a new building near the railway station serving the new northern high-speed train link.

THE LEX COLUMN

No change from the Chancellor

The markets were feeling rather queasy ahead of the Mansion House dinner and the turtle soup served up last night may have done little to settle them today.



across the business. Granada has yet to do its big deal, but this equity issue is too small to foul the market for future paper chases.

Bell/Morgan Crucible

Bell Resources' partial tender offer for Morgan Crucible can be counted either a partial success or a partial failure.

AET&N

Judging by the length of the Takeover Panel's meeting yesterday to discuss the Turner & Newall/AE affair, the market shenanigans which caused the offer to lapse in mid-September must have been every bit as complicated as popular rumour would have it.

in mind. But Salomon Brothers' deal with Granada shows that the threat is accidental as well as oriental.

Buchanan wins Nobel prize for economics

By Kevin Done, Nordic Correspondent, in Stockholm

THE 1986 NOBEL economics prize was awarded yesterday to Professor James McGill Buchanan of George Mason University, Virginia, for his contributions to the theory of political and economic decision-making.

UK's black economy 'smaller than Inland Revenue claims'

BY CLIVE WOLMAN IN LONDON

THE UK'S black economy of moonlighters, tax evaders and fraudulent social security claimants, is much smaller than estimated by some economists and the Department of Inland Revenue, according to a book published yesterday by the Institute for Fiscal Studies (IFS).

benefits and the value of cash holdings which, it assumed, are normally used in transactions that are concealed from the authorities.

Phillips in talks with Christie's

By Nikki Teit in London

PHILLIPS, the UK auctioneering house, has been in talks with its larger rival, Christie's International, but the outcome is more likely to lead to Phillips taking a stake in Christie's than a full bid.

Storm brews over UK visa demands

Continued from Page 1

The ministers appear to have heightened the tension by choosing the present moment to indicate that they also intend to restrict the right of MFAs to intervene to secure temporary admission for passengers refused entry.

they pay out large air fares and perhaps fall prey to exploitation by greedy travel agents, rather than in an emotionally highly charged atmosphere at Heathrow airport, Mr Hurd said.

visitors have arrived, overwhelming the immigration authorities.

Bought deals

Warnings about the dumping of financial services have been most commonly made with the Japanese

Coalite Hargreaves

Coalite is so convinced that it can make beautiful slurry together with Hargreaves that it has upped its offer by 30 per cent.

Alexanders Laing & Cruickshank Holdings Ltd. An international securities house purpose built for the mid 80s and beyond...

World Weather

Table with 4 columns: City, Temperature, Wind, and other weather indicators for various global locations.

Israeli bomber shot down

Continued from Page 1

when landed, while the other was captured alive. Other, unconfirmed reports, said the surviving Israeli cockpit was in hiding.

Shortly before dusk, reports from Lebanon said Israeli aircraft returned to the area where the Phantom had gone down, and launched strafing attacks.

UK monetary strategy

Continued from Page 1

Mr Lawson, anxious to calm the markets after the sharp fall in sterling's value during the past few weeks and a sceptical reaction to this week's rise in borrowing costs, said that British interest rates now had a substantial margin over equivalent dollar rates.

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CANNING CHEMICALS METALS ELECTRONICS

Burroughs weathers industry's problems

By Our New York Staff BURROUGHS, the Detroit-based computer maker which took over Sperry earlier this year, has reported a 62 per cent rise in third-quarter profits...

Dow Chemical sees earnings rise to \$170m

By Our New York Staff DOW CHEMICAL, the second biggest US chemicals group, has reported its strongest third-quarter performance since 1979. Earnings rose to \$170m or 88 cents a share from \$170m or 86 cents a share...

Alcoa surplus falls sharply

By Our Financial Staff ALUMINUM Company of America (Alcoa), the largest aluminium producer in the US, yesterday reported a sharp drop in net profits for the quarter...

Saab rises 20% in first eight months

By SARA WEBB IN STOCKHOLM SAAB-SCANIA, the Swedish motor and aerospace group, showed a 20 per cent increase in profits for the first eight months and expects profits for the full year to be over SKr 3bn (\$440m)...

US tobacco groups see stronger sales and profit

BY DAVID BLACKWELL IN NEW YORK

PHILIP MORRIS, the US tobacco, foods and beverages conglomerate, boosted sales for both the third quarter and the first nine months by 76 per cent. Profits were also strongly ahead.

At the nine-month stage Philip Morris earned \$1.11bn or \$4.63 a share against \$934m or \$3.89 a share against \$1.11bn or \$4.63 a share against \$934m or \$3.89 a share...

American Express lifts third quarter net income by 19%

BY WILLIAM HALL IN NEW YORK

AMERICAN EXPRESS, the US financial services and travel conglomerate, increased its third quarter net income by 19 per cent to \$283m, which has boosted its nine month earnings to \$973m.

The group's traditional Travel-Related Services (TRS) businesses continue to provide the bulk of American Express's earnings growth. This is especially surprising given the lower US airline fares and continued softness in international travel markets...

US plans sale of stake in Continental Illinois

BY OUR NEW YORK CORRESPONDENT

THE US Government yesterday announced plans to sell a third of its stake in Continental Illinois, the big Chicago bank which had to be rescued after a run on its deposits in 1984.

At present only 15m shares of Continental Illinois are owned by private investors and fears that the FDIC would soon start to unload its shares on the market have depressed Continental's share price in recent weeks. The shares fell by 8% to 50% in early trading yesterday.

Valeo recovery forecast

BY PAUL BETTS IN PARIS

VALEO, the French car components group which has come under the management control of Mr Carlo de Benedetti of Italy, expects to report consolidated group profits of FFr 350m (\$38.6m) this year after losses of FFr 85m last year and a deficit of FFr 147m the year before.

The capital increase will inject FFr 700m into the company through an issue of shares with warrants this year. With the conversion of warrants next year and the following year, the capital increase will add a total of FFr 1.5bn of fresh funds to the group.

Bouygues rises 5% in first half

By Paul Betts in Paris

BOUYGUES, the leading French construction group, yesterday reported a 5 per cent increase in consolidated net profits to FFr 143.4m (\$22.2m) from FFr 138.4m in the first half last year.

Anglo American dividends raised

INCREASED final dividends for the year to September 30 have been declared by the Anglo American Corporation of South Africa group companies which were formed out of last year's merger of the Orange Free State gold mines.

Bankers Trust income boosted

By Our New York Staff

BANKERS Trust New York, parent of the sixth-biggest US bank, yesterday reported a 16 per cent rise in third-quarter net income to \$110.3m.

Georgia-Pacific strongly ahead

BY RODERICK GRAM IN NEW YORK

US FOREST products companies are turning in contrasting third quarter results with Georgia-Pacific and International Paper strongly ahead and Bowater reporting a sharp downturn.

MoDo profits suffer decline of 51%

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

MODO, a leading Swedish forest products group, suffered a steep drop in profits in the first eight months of 1986 with a fall of 51 per cent to SKr 217m (\$22m) compared with SKr 444m a year earlier.

Flat earnings lifted by special gains at AT&T

BY OUR NEW YORK STAFF

AT & T, the US telecommunications group, lifted its third-quarter net earnings from \$378m to \$533m, or from 33 cents a share to 48 cents.

At the nine-month stage AT & T earned \$1.48bn or \$1.32 a share, up from \$1.19bn or \$1.05 a share last time. Revenues were flat at \$25.56bn against \$25.50bn.

Georgia-Pacific strongly ahead

BY RODERICK GRAM IN NEW YORK

US FOREST products companies are turning in contrasting third quarter results with Georgia-Pacific and International Paper strongly ahead and Bowater reporting a sharp downturn.

The segment rose to \$139m from \$109m despite low prices. Imports from Canada remained a threat although the volumes had been cut by a strike in British Columbia.

MoDo profits suffer decline of 51%

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

MODO, a leading Swedish forest products group, suffered a steep drop in profits in the first eight months of 1986 with a fall of 51 per cent to SKr 217m (\$22m) compared with SKr 444m a year earlier.

The biggest cause of the fall was the declining profitability of MoDo's pulp operations, which ran up a loss of SKr 113m in the eight months from January to August compared with a profit of SKr 175m a year earlier.

NHK NHK SPRING CO., LTD. U.S.\$50,000,000 3 3/4 per cent. Guaranteed Bonds 1991 with Warrants to subscribe for shares of common stock of NHK SPRING CO., LTD. The Dai-Ichi Kangyo Bank, Limited Issue Price 100 per cent.

APPOINTMENTS

Changes at Croda International

Sir Frederick Wood has indicated his wish to retire as chairman of CRODA INTERNATIONAL on December 31. He has been appointed honorary life president and will remain on the board as a non-executive director.



Mr Tom Madden, sales and marketing director at British Car Auctions

Mr Tom Madden has been appointed director responsible for sales and marketing at BRITISH CAR AUCTIONS. Previously he has been responsible for other specialist areas of BCA's business.

Mr Bent H. Krummen has been elected chairman of the ESS-FOOD (UK) GROUP, which incorporates ESS-Food Danepak, Danish Bacon Company, Anglo Danish Food Transport, and ESS-Food Fresh Meat.

Mr Gordon H. Shields has been appointed energy manager for GEORGE WIMPEY. He was a project engineer with Wimpey Engineering. Mr Shields will be responsible for developing energy conservation procedures within the group and for promoting energy consciousness among Wimpey employees.

Mr Gordon Summerfield has been appointed to the newly created post of production director for ST IVE to co-ordinate production in eight manufacturing plants. He was managing director of Dale Farm Foods, a division of Northern Foods.

Mr Peter J. Edge has been appointed managing director of GODSELL & CO, a member of the EXCO International group.

Mr James G. W. Reed has been appointed a director and Mr Richard Katz and Mr Steven Webb have been appointed assistant directors of BARING SECURITIES.

MECCA SOCIAL CLUBS has appointed two directors to its marketing team. Mr Gareth Jones, director, and Mr Peter Howard, product director. Mr Jones joins from Ladbrooke Entertainments where he was marketing controller. Mr Howard was area supervisor for North London.

WHITECROFT has made the following appointments at the housebuilding companies in the property and building supplies divisions: At George Longden Homes Mr Andrew Newcombe, director and general manager, becomes managing director in succession to Mr Alan Bennett who remains a director. Mr Ken Rowbottom joins the board. Mr Joe Morley, director and general manager of Longden Norwich, becomes managing director. Mr Alan Bennett and Mr Ken Rowbottom become directors of Longden Homes. Mr David Valentine becomes managing director of Randall's following the retirement of Mr Bert Cooper. Mr Valentine has been managing director of the Bedford branch for three years.

AUSTRALIA AND NEW ZEALAND BANKING GROUP is expanding its asset based finance business in the UK. The group's business in this sector will be controlled by a new company called ANZ Finance, a licensed deposit taker. The company will act both as a holding company for the group's asset based finance subsidiaries as well as being the vehicle by which these activities will be developed and expanded in the future.

Mr Peter N. Samuel has been appointed a managing director of FURNESS-BOULDEK (REINSURANCE SERVICES). Mr R. J. E. Tydesley, managing director of The Western Mail and Echo in Cardiff, and Mr A. A. Scott, managing director of Aberdeen Journals, have been appointed to the board of THOMSON REGIONAL NEWS-PAPERS, along with Mr J. K. T. Bryers, group personnel director of International Thomson Organisation in Great Britain.

Mr Stephen Newell, a director, has been appointed managing director of LEE SPRING, the UK subsidiary of Lee Spring Corp, New York.

At JAMES FINLAY CORPORATION Mr P. N. Homer has been appointed a director.

THE CONSUMERS' ASSOCIATION has appointed Mr John Beilham as the association's new director. He will be succeeding Peter Goldman who has been director since 1964, in July.

TUNSTALL GROUP has appointed Mr Stanley Harris managing director of Tunstall Security and Mr Martin Dewhurst, director of business development with Tunstall Telecom. Mr Harris joins Tunstall Security from P&O Electricals where he was managing director. Mr Dewhurst joins Tunstall Telecom from Henry Teller (a Hilldown Holdings subsidiary) where he was sales and marketing director.

NOLTON has appointed Mr Robin Mathias as managing director of Proofed Packings, its packaging materials subsidiary. Mathias has spent the past seven years with the Lin Pac Group.

Mr Joe Holland has been appointed general manager of the CO-OPERATIVE WHOLESALE SOCIETY'S food manufacturing group. Mr Holland joined the CWS in 1974 as grocery group accountant and later became accountant for the food division. He was previously finance director of the David Greig grocery chain prior to its takeover by Key Markets. Mr David Wellens has been appointed to be one of two divisional accountants covering the newly formed production and property sector. His particular area of responsibility will cover four groups: food manufacturing, non-alcoholic drinks, milk and export and contracts.

BET is combining its waste disposal company, BETA, with Royal Service Containers to form a new cleaning and waste services division of Initial. The division's board will be chaired by Initial's managing director, Brian Chapman. Other board members include Mr Andy Cooper, director—Initial, chairman of ISC and Greengreen; Mr Eric Harrison, director—Royal Service Containers; Mr Ian Stewart, managing director—ICC; Mr Martin Adams, managing director—HAT maintenance; Mr Richard Cowell, financial director—ISC; Mr John Fiedler, general manager—ISC.

JOHN LAING CONSTRUCTION has made the following appointments: Mr David Keating, managing director, will now be responsible for all UK building and civil engineering activities. Four assistant managing directors have also been appointed: Mr John M. Allen, Mr Philip K. Rees, Mr Jon Rushton and Mr Michael H. Trethewell, all of whom have been with the group for many years. Mr Oliver Whitehead, joint managing director, will be leaving the group at the end of October to take up another appointment.

DOMINO PRINTING SCIENCES has made four executive appointments: Mr David King, managing director, has been appointed director and general manager of Domino Printing Services, Vertriebe, GmbH (DPSV), with responsibility for all the company's German activities. Mr Coert Van Ee has moved to Cambridge from DPSV to become divisional director of marketing. Mr Paul Jessop has been appointed divisional director of research and development and Mr Howard Whitehead has become director of manufacturing.

WINDSOR SECURITIES (HOLDINGS) has made the following board appointments: Mr Leo Lipson has been appointed director as a non-executive director to advise on strategic planning and development. Mr John Beilham is appointed managing director of Windsor (Aviation) which will be the new name of Pitman and Deane (International). Mr Len Millward is made managing director of Lander Eberl Shorter (UK), formerly a division of Lander Eberl Shorter. Mr David Baker is appointed managing director of Brentnall Beard and Co. Subject to shareholders' approval of the purchase of Lyon Jago Webb, Mr Lyon Jago (Life & Pensions), Mr Patrick O'Connor will be confirmed as chairman and managing director of Lyon Jago Webb and Mr Ullie Allen-Bailey chairman and managing director of Lyon Jago (Life & Pensions).

Mr Peter N. Samuel has been appointed a managing director of FURNESS-BOULDEK (REINSURANCE SERVICES). Mr R. J. E. Tydesley, managing director of The Western Mail and Echo in Cardiff, and Mr A. A. Scott, managing director of Aberdeen Journals, have been appointed to the board of THOMSON REGIONAL NEWS-PAPERS, along with Mr J. K. T. Bryers, group personnel director of International Thomson Organisation in Great Britain.

Mr Stephen Newell, a director, has been appointed managing director of LEE SPRING, the UK subsidiary of Lee Spring Corp, New York.



Transvaal

Gold mining companies administered by Anglo American Corporation

All companies are incorporated in the Republic of South Africa

Report of the Directors for the quarter ended September 30 1986

WESTERN DEEP LEVELS

Western Deep Levels Limited
Operating Results: Sales, Total milled, Production, Costs, Price received on sales, Financial Results, Dividend, Earnings per share, Capital expenditure.

DEVELOPMENT
Advance, Sampled, Gold, Uranium
Quarter ended Sept 1986, Quarter ended June 1986, Nine months ended Sept 1986

ERGO

East Rand Gold and Uranium Company Limited
Operating Results: Sales, Total milled, Production, Costs, Price received on sales, Financial Results, Dividend, Earnings per share, Capital expenditure.

SEABRIDGE DIVISION

Operating Results: Sales, Total milled, Production, Costs, Price received on sales, Financial Results, Dividend, Earnings per share, Capital expenditure.

REVENUE

Operating Results: Sales, Total milled, Production, Costs, Price received on sales, Financial Results, Dividend, Earnings per share, Capital expenditure.

VAAL REEFS

Vaal Reefs Exploration and Mining Company Limited
Operating Results: Sales, Total milled, Production, Costs, Price received on sales, Financial Results, Dividend, Earnings per share, Capital expenditure.

VAAL REEFS—continued

PRICE RECEIVED ON SALES, FINANCIAL RESULTS, Dividend, Earnings per share, Capital expenditure.

CONSOLIDATED PROFIT

Consolidated Profit: Profit before taxation, Profit after taxation, Profit available, Dividend, Earnings per share, Capital expenditure.

OPERATING AND FINANCIAL RESULTS

Operating and Financial Results: Sales, Total milled, Production, Costs, Price received on sales, Financial Results, Dividend, Earnings per share, Capital expenditure.

SEABRIDGE DIVISION

Operating Results: Sales, Total milled, Production, Costs, Price received on sales, Financial Results, Dividend, Earnings per share, Capital expenditure.

REVENUE

Operating Results: Sales, Total milled, Production, Costs, Price received on sales, Financial Results, Dividend, Earnings per share, Capital expenditure.

VAAL REEFS—continued

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Vaal Reefs Exploration and Mining Company Limited
Operating Results: Sales, Total milled, Production, Costs, Price received on sales, Financial Results, Dividend, Earnings per share, Capital expenditure.

VAAL REEFS—continued

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VAAL REEFS

Vaal Reefs Exploration and Mining Company Limited
Operating Results: Sales, Total milled, Production, Costs, Price received on sales, Financial Results, Dividend, Earnings per share, Capital expenditure.

S.A. LAND

The South African Land & Exploration Company Limited

Operating Results: Sales, Total milled, Production, Costs, Price received on sales, Financial Results, Dividend, Earnings per share, Capital expenditure.

CONSOLIDATED PROFIT

Consolidated Profit: Profit before taxation, Profit after taxation, Profit available, Dividend, Earnings per share, Capital expenditure.

OPERATING AND FINANCIAL RESULTS

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Vaal Reefs Exploration and Mining Company Limited
Operating Results: Sales, Total milled, Production, Costs, Price received on sales, Financial Results, Dividend, Earnings per share, Capital expenditure.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
NOTE: Development values represent actual results of sampling, no allowances having been made for adjustments in estimating ore reserves.
LONDON OFFICES: 40 HOLBORN VIADUCT, EC1P 1JL.
The Free State Consolidated Gold Mines Limited quarterly results appear on another page in this newspaper.

SOUTHAAL HOLDINGS LIMITED
Registration No. 06/11809/05
and THE AFRIKANDER LEASE LIMITED
Registration No. 01/05955/06
The attention of shareholders of these companies is directed to the report of VAAL REEFS EXPLORATION AND MINING COMPANY LIMITED

UK COMPANY NEWS

French merger lifts Nu-Swift profits to £6m

BY ALICE RAWSTHORN

Nu-Swift Industries, the fire protection group, yesterday reported that pre-tax profits had more than doubled to £6.03m in the first half of the year chiefly as a result of the merger, at the beginning of the year, between its French subsidiary and Compagnie Centrale Sici. In early January, Nu-Swift completed the acquisition of Sici, one of the largest French manufacturers of fire protection equipment. Sici's turnover, at £70m a year, was almost double that of Nu-Swift, but the company had barely broken even for several years. Once the acquisition was completed, Nu-Swift transferred the production of its French subsidiary, Generale Incendie Protection et Securite, to Sici's manufacturing plant—one of the largest and most modern in Europe. The company is now in the throes of transferring production at its UK production plant to Sici. This transfer should be completed by the end of the current year. Although Nu-Swift secured an increase in sales from its UK base in the first half, most of its growth was catalysed by the merger. Turnover rose to £37.17m (£15.37m) and pre-tax profits to £6.03m (£2.78m). The cost of reorganisation and restructuring has been charged as an extraordinary item of £2.1m. With the acquisition of Sici, Nu-Swift inherited its tax losses. As a result, the company's tax charge was reduced to 28 per cent, or £1.83m (£1.25m) in the first half, and Nu-Swift will continue to benefit from the tax losses until late 1987. Earnings per share almost tripled to 9.43p (3.43p). The dividend will rise more modestly to 1.75p (1.35p). Nu-Swift is now reviewing its operations and deciding whether or not to retain Sici's international "satellite" companies. The company has already disposed of its Australian subsidiary, Nu-Swift Australia, where sales have been "unsatisfactory" for the past two years.

Comment
When Nu-Swift first acquired Sici, it was so dramatically that it looked as if it had bitten off more than it could chew. This set of interims should reassure the sceptics. Even on a dull day the City loves a recovery tale and the shares rose by 15p to 186p. It is impossible to tell just how much of the profits growth came from Sici but Nu-Swift seems to have succeeded in turning it round far faster than anyone could have expected. By buying Sici Nu-Swift not only secured a healthy chunk of the European fire protection market but a spanking new production plant which, even after housing its existing UK and French production, will still have 20 per cent spare capacity. Given that the European fire protection market is not only mature, but intensely competitive, the Sici plant offers scope for crucial economies of scale. The City expects profits of £13m for the full year predicting an undemanding perspective 1/2 of a year ago. The company is assuming 30 per cent taxation.

Osprey in reverse bid

BY ALICE RAWSTHORN

F. John French, the advertising agency, has secured conditional agreement to mount a reverse takeover of the publicly quoted advertising agency, Osprey Communications. Under the agreement Osprey will acquire F. John French for shares leaving the latter agency with a 40 per cent stake in the merged group. Osprey will release 2.5m new ordinary shares for F. John French, thereby increasing its issued equity capital from £875,000 to £1.5m. The proposals for the merger will be presented to shareholders for approval. Once the merger is completed, probably in early November, Mr John French, chairman and chief executive of F. John French, will assume the same roles in the merged group and Osprey's chairman, Mr Dennis Murphy, will become deputy chairman. Osprey, which operates two advertising agencies in Northern Ireland with clients such as the Belfast International Airport and Stewarts superstores, joined the stock market two years ago and has since produced lacklustre results. F. John French has been scouting about for a reverse takeover candidate, as a means of securing a public quotation, for the last year or so. It produced pre-tax profits of £190,000 on turnover of £7m in its last financial year to May and was cited as the 116th largest agency. When the merger is completed Mr French intends to expand through the acquisition of other advertising agencies and of companies in related areas of marketing. Mr T. S. Jamieson sold 700,000 shares in Osprey yesterday at 60p a share, compared with the market price of 58p. He now holds less than five per cent of the company.

Queensway pays £9m for control of Harveys

By Mike Smith

Harris Queensway, the home furnishings stores group, has bought a 75 per cent stake in fellow retailer Harveys Furnishings for £9m in cash. It has also taken an option to acquire the remaining 25 per cent from Mr Harvey Gilbert, the managing director who, together with members of his family, formerly owned the whole company. The price will be based on Harveys's future profits and is expected to be more than £2.5m. Harveys sells curtains, household linens and soft furnishings from 33 stores in the south-east of England. It also makes soft furnishings to contract. Pre-tax profits were £550,000 on sales of £20m in the year to May 3. Net assets at year-end were £2.25m. Harveys will continue to operate from its Barking headquarters as an independent unit and will come under the parent company's Queensway division. Other Harris Queensway purchases this year have included Hamleys, the toy group bought for £30m from Burton, and Times Furnishing and Home Charm, the two retail stores bought from Great Universal Stores for the equivalent of £148m in shares.

Elswick reorganises and calls for £4m as losses increase

BY RICHARD TOMKINS

Elswick, cycle and lawnmower manufacturer, yesterday reported an increase in pre-tax losses from £194,000 to £352,000 for the half year to end July 1986 and set out a series of measures aimed at engineering the group's recovery. Seward, its loss-making agricultural machinery distribution business, is to be sold to its management for £2.4m, and Macleans Printed Packaging, a profitable supplier of flexible decorative packaging, is to be bought for £2.8m. A rights issue is proposed to raise £4.05m net, and there will be a capital reconstruction to facilitate the resumption of dividend payments. The effect will be to wipe out net debt by the end of the current year and put the group in a position where it could report its first pre-tax profit since 1981. Elswick said the Seward business was being sold because the depressed state of the British agricultural machinery market meant they were not producing adequate returns. Of the proceeds £126,316 is in respect of the share capital and £2.2m is the repayment of intra-company debt. The Rehabil farm service company made strong progress during the year and is to be retained. The engineering division made satisfactory progress in the US, but in the UK its progress was hindered by the downturn in the agricultural machinery market, to which it is a supplier. The cycles division manufacturing under the Falcon brand, made headway, in spite of an unfavourable market, and improved margins.

On continuing activities, turnover rose from £7.8m to £8.4m and the operating profit rose from £76,000 to £112,000. After an increase in the interest charge from £233,000 to £248,000, the pre-tax loss on continuing activities fell from £157,000 to £136,000. The rights issue, underwritten by Brown Shipley, is of 35.2m ordinary shares at 12p a share at the rate of five for every eight existing ordinary shares and 45 for every four preference shares. Elswick closed its year at 15p yesterday. Macleans makes printed aluminium wrappers for sweets, foods and other products. In the year to last March it made profits before tax and exceptional items of £298,000 on turnover of £2.4m. Net assets include cash of £1.4m.

Acquisition helps double Sangers

STRONG GROWTH was experienced by Sangers Photographics in the half year ended August 31 1986, with turnover up from £11.14m to £13.55m and profit before tax doubled, from £312,000 to £631,000. The results reflected a significant contribution from traditional consumer photographic business, and the inclusion of the newly acquired subsidiary, Stanmore Video Sales. That company was purchased in June for £2.75m in shares, and provided Sangers with entry into the broadcast and professional video business. Mr Frank Hatton, chairman, said the second half started strongly for both divisions, and acquisition opportunities were being sought in complementary areas which would offer scope for sustained and above-average growth. Sangers is quoted on the USM and anticipated seeking transition to a full listing next year. Cash flow was strong and continued to improve, Mr Hatton said. This enabled both divisions to purchase stock at advantageous prices, but resulted in last year's interest credit of £38,000 becoming a nominal charge of £1,000. After tax £221,000 (£127,000) the half year's net profit worked out at £410,000 (£185,000) for earnings of 3.22p (1.89p). The interim dividend is lifted to 0.5p (0.75p) net. This time there was also an extraordinary charge of £76,000. MARLING INDUSTRIES has acquired the goodwill and trading assets of George E. Wheatcroft, a manufacturer of narrow fabrics. Consideration will be settled by the issue by Marling of 608,000 ordinary shares, of which 550,000 have been placed on behalf of the vendor, plus a small further payment in cash, to be determined by a stock valuation as at October 3, 1986. ADDISON CONSULTANCY Group's offer for Aidcom International has received acceptance in respect of 14,950 Aidcom shares (82.74 per cent). Addison now holds or has acceptances for 14,980 shares (82.5 per cent) and has declared the offer unconditional as to acceptances. It will remain open until further notice. MILLWARD BROWN has agreed to acquire Ad Factors, US market research agency. Consideration will be an initial \$1.98m (£1.94m) with further target-related payments to a maximum of \$4.73m. The initial payment will be satisfied by the issue of 550,000 shares with subsequent payments in cash. A further 50,000 shares are being issued to cover part of the costs of acquisition.

Baker Harris oversubscribed

THE ISSUE price of Baker Harris Sammers, the City commercial estate agent, being floated through an offer for sale by tender, has been struck at 170p compared with a minimum tender price of 150p. The offer was 4.4 times subscribed at or above the striking price, with 2,270 applications for 11m shares chasing the 2.5m shares on offer. Applicants tendering below the striking price will receive no shares at all. Preferential applications from employees for 85,847 shares will be met in full. Other applicants for between 400 and 1,000 shares will receive 200 and applicants for 1,500 and above will receive about 20.5 per cent of the number applied for. Renounceable letters of acceptance go out next Tuesday and dealings are due to begin next Wednesday. The offer for sale of shares in Mecca, the entertainments group, closed yesterday and is thought to have been subscribed several times. Details will be announced today. SINGAPORE PAPA Rubber Estates returned pre-tax profits of £47,414 (£190,747) in half year to June 30 1986 from turnover of £285,675 (£408,888). Earnings 0.22p (0.88p) per 5p unit. Crops of rubber and palm oil improved but palm oil prices fell sharply. Rubber prices were depressed, but have since improved markedly.

Cowells picking up in second half

AFTER A static first half, trading at Cowells has improved with increasing demand for all products—security and financial printing, colour printing and books, and bingo ticket manufacture. The directors felt it was too early to give a firm indication of the year's outcome but said the longer term outlook was very encouraging. A number of major projects under discussion or development would give additional impetus, they said. The projects had taken up considerable time but should prove well worthwhile. The company, whose shares were placed on the USM at 88p each just over a year ago, returned a turnover of £1.15m in the first half of 1986, compared with £3.5m, and a pre-tax profit of £295,000 against £290,000. After tax £114,000 (£111,000) earnings were unchanged at 2.4p per share. For the year 1985 the company made £224,000 pre-tax and paid a single dividend of 1.5p. In the current term it is, including interest, and has declared 4p. The directors said order books for security products and financial printing continued to do well, but a number of AGS RESEARCH shareholders were told at the annual meeting that progress was being made in the current trading year, and it was particularly strong in the UK. Resolute action had been taken and progress had been achieved in dealing with those areas of the business which had performed below expectations last year. FETTER BLACK Holdings has bought the assets of Fava, Dorset trolley manufacturer for £900,000 cash.

Lady Joseph cuts Norfolk stake

LADY JOSEPH, widow of Sir Maxwell Joseph, and a director of Norfolk Capital Group, has reduced her holding in the hotel chain from 22.1 per cent to 11.85 per cent following a one-for-one rights issue. Lady Joseph sold 23.75m of her rights shares in nil-paid form, raising sufficient funds to pay for the take-up of the rights balance. Prior to the rights issue Lady Joseph held 25.6m shares. She will now hold 27.85m shares. Lady Joseph stepped down from the chair at Norfolk Capital in June and her place was taken by Mr Tony Richmond-Watson. Yesterday, he said that it was "quite a lot of money for an individual to put up—but Lady Joseph is still fully committed to and involved with the group."

TUDORBURY SECURITIES
FIMBRA
BUY OR SELL
TSB
CASH SETTLEMENT
Tel: 01-222 9890
5 Old Queen Street
London SW1R 9JA

I.G. INDEX
FT for October
1,274,122 (-4)
Tel: 01-625 3888

This advertisement is issued in compliance with the Regulations of the Council of the Stock Exchange. It does not constitute or contain an offer or invitation to any person to subscribe for, or to purchase any securities of Gerrard & National Holdings PLC.

Gerrard & National HOLDINGS PLC

(Incorporated in England under the Companies Act 1965 - No. 2019022)

Application has been made to the Council of The Stock Exchange for the whole of the issued Ordinary share capital of Gerrard & National Holdings PLC to be admitted to the Official List. It is expected that the issued Ordinary shares will be admitted to the Official List with effect from 17th October, 1986 and that dealings will commence on the same day.

Gerrard & National Holdings PLC has been formed to acquire the whole of the issued share capital of Gerrard & National PLC. The Gerrard & National group of companies will carry on business as a discount house and as bankers, as market makers in gilt-edged and other securities, and as brokers in the commodities and financial futures and options markets. Other group activities will include leasing, underwriting and issuing securities, and the holding of investments.

SHARE CAPITAL	
Authorised	Issued and fully paid
£ 14,000,000	£ 9,528,550
Ordinary Shares of 25p each	

Particulars relating to Gerrard & National Holdings PLC are available in the statistical service of Exel Statistical Services Limited. Copies of the Listing Particulars may be obtained during normal business hours (Saturdays and public holidays excepted) up to and including 23rd October, 1986 from the Company Announcements Office, The Stock Exchange, Threadneedle Street, London EC2P 2JX and up to and including 31st October, 1986 from:

Gerrard & National Holdings PLC
32 Lombard Street
London EC3V 9BE

Baring Brothers & Co. Limited
5 Bishopsgate
London EC2N 4AE

Kistwood Gaisvason and Co
20 Fenchurch Street
London EC3P 3DB

17th October, 1986

Who tells our traders what to do?

Smith New Court is the only major independent British market-maker—the only one that is not controlled by any outside group.

Nobody tells our traders what to do. They make up their own minds and they are free to seize opportunities as they arise.

None of our shareholders influence our business. Nor do they deflect us from offering sound advice and keen prices.

Further, our research and agency company is independent from our market-making side.

We're on The Stock Exchange floor, where our pitches are equipped with the latest technology. To serve our international clients, we duplicate those facilities in many of our offices.

While we're well established in the United States, the Far East and Australia, we plan to expand even further overseas.

Because we are independent,


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UK COMPANY NEWS

Loss at Micro Focus reduced by over £2m

BY PHILIP COGGAN

REDUCED SALES to Japan and to original equipment manufacturers (OEMs) meant that Micro Focus Group, the computer software company, reported an interim pre-tax loss of £482,000 in the six months to July 31.

A programme of cost cutting and the absence of any had debt provision this year has, however, made these results a significant improvement on last year's £1.81m interim pre-tax loss.

After last year's poor results, Micro Focus pursued a strategy of improving cash flow. In the first half a cash surplus of £700,000 helped to reduce the group's net borrowings to £2.8m (£4.8m at last year's interim) and overdrafts were replaced with term loans improving the group's net current asset position.

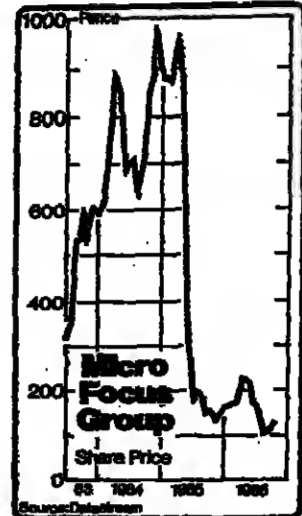
Because of the problems experienced by many computer hardware manufacturers, Micro Focus stepped up sales to end users and the latter represented 88 per cent of revenues, compared with 46 per cent.

Sales in Japan had previously been almost entirely to OEMs and the current retrenchment in the computer industry cut Japanese revenues from 21 per cent to 10 per cent of the total. Net revenues were stagnant at £5.65m (£5.65m) but after operating costs of £4.85m (£5.61m) and development costs of £1.8m (£1.8m), the operating loss was cut to £852,000 (£1.78m). There was an exceptional gain on the disposal of leasehold premises of £168,000.

After a tax credit of £12,000 (£218,000) and minority interests of £28,000 (£59,000), the loss attributable to shareholders was £498,000 (£2.88m).

Exchange rate movements reduced reserves by £369,000. The interim dividend has been passed for the second year running.

When Micro Focus updates its products, it describes the process as providing "latest functionality" and with this kind of language on show, it is not surprising that the group's accounts are misfields for the unwary. Software development costs are capitalised and then amortised; revenues are deferred and the £1m of share-holders funds are bolstered by £2.2m of software product assets. What can just be seen through the fog is that Micro Focus is on the right track—costs have been cut, salesmen have been put on incentives, and users have been pursued—and the improved cash position



TDS share price drops 23p on losses

By Mike Smith

Shares in TDS Circuits fell 23p to 128p yesterday after the company announced pre-tax losses of £544,000 in the half-year to August 31, against a profit of £404,000 in the corresponding period last year.

The problems caused by the fall in demand for the company's products, mainly printed circuit boards, were compounded by a fire last March in one of Circuit's two factories. This meant many orders and contracts could not be honoured.

Mr Tony Cann, chairman, said that return to pre-fire capacity was taking longer than expected because of delays in the delivery of equipment.

The company was, however, successfully concentrating on higher technology areas. This produced better results than those for the second half of last year when an £825,000 loss was recorded. The current six months should show further improvement.

The board did not declare a dividend. In the six months to August 31, Circuits made sales of £3.56m (against last time's £3.2m). Operating losses of £339,000 (£562,000 profits) were struck after receipt from the company's insurance company of £570,000 to compensate for sales losses caused by the fire.

Interest payments rose to £207,000 (£153,000), but losses after tax were lessened by a tax credit of £159,000 (debit £157,000).

The loss per share of 5.09p (earnings of 3.5p) was also helped by an extraordinary credit of £124,000. This represented insurance money received in excess of the value of equipment destroyed in the fire.

THE STOCK EXCHANGE has corrected its notification of the Eglinton/Osceola merger terms announced on Tuesday. Eglinton is offering 22 of its own shares for every 20 Osceola—out for every 30 as previously reported.

FLEMING JAPANESE Investment Trust reported net income for the 12 months to September 30 1986 of £766,919, against £230,599 for the previous 12 months. Earnings per share came out at 4.99p (4.1p) but the total payment is being maintained at 4p with a recommended unchanged final of 3.5p. A four-for-one scrip issue is also proposed.

John Kent, the expansion-minded menswear retailer, made satisfactory progress over the 61 weeks to July 26 despite poor trading conditions during the spring and summer and a downturn of tourism in the West End.

For the period the group had a turnover of £17.22m and profits before tax of £1.1m. The figures compared with £12.37m and £870,000 respectively for the preceding 52 weeks.

The directors changed the year-end from May to July to facilitate the integration of Acumen and David Cedar during the latter part of the year. Earnings emerged 1.37p ahead at 6.38p and a final dividend of 1.25p, as forecast in March at the time of the £1.4m rights issue, raises the net total from 1.1p to 1.75p net per 5p share.

MINTY, furniture manufacturer, raised turnover to £1.7m (£1.39m) and reduced losses to £108,325 (£157,244) pre-tax in 27 weeks to August 2 1986. Loss per share 27p (38p), comparatives covered 28p weeks.

J. BELLAM, the Sheffield-based steel metal engineering group, boosted profits for the six months to June 30 by 12.5 per cent to £145,875 at £1.17m (£1.15m). The interim dividend is earnings per share of 6.39p (£7.8p). The tax charge rose to £50,000 (£28,000).

Tranwood counts the cost

Tranwood Group, which earlier this year lost a £2-million battle to takeover Althen Hume International for £30m, revealed yesterday that costs associated with the bid totalling £245,000

had been taken below the line in the first half figures. There was also an unrealised loss on 500,000 Althen Hume shares amounting to £100,000.

For the half year to end-July 1986 Tranwood turnover increased from £2.74m to £3.08m but at the pre-tax level profits slipped from £48,700 to £48,400, after taking account of a £25,000 payment to a former chairman and a £24,300 drop in interest charges to £17,500. Last time's figures included an insurance recovery and salvage credit of £41,600.

Tranwood is a Shell company headed by Mr Nick Oppenheim. G.R. profits fell Following the midway fall from £1.9m to £743,000, G.R. (Holdings), manufacturer of sheepskins and furs, finished the June 30 1986 year down from £2.95m to £1.24m pre-tax. Turnover also fell, from £28.5m to £22.26m.

After tax, £394,339 (£888,069) earnings per share were 19.5p (30.1p) while the dividend is maintained at 7p with an unchanged 5.4p final.

Highland Electronics Highland Electronics Group, the electrical components manufacturer, reported unchanged pre-tax profits of £106m in the year ended April 30, 1986. Group turnover increased from £11.94m to £12.98m.

The directors said early results for 1986-87 were justifying moves made in the year just ended and added that they expected increases in profits. An unchanged final dividend of 1.5p has been recommended, making a total of 2.5p (2.5p).

John Kent improves to £1m A new division, aimed at the "affluent" City trade, had been developed consisting of seven shops under the Acumen banner. The directors said the group entered the current year with a stronger and broader trading base.

John Kent's shares are traded on the USM.

GEORGE COHEN Machinery, a subsidiary of the 600 Group, has sold its hire division to Herbert Pool of Fleet, a generating set company.

MINTY, furniture manufacturer, raised turnover to £1.7m (£1.39m) and reduced losses to £108,325 (£157,244) pre-tax in 27 weeks to August 2 1986. Loss per share 27p (38p), comparatives covered 28p weeks.

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and activities, which would broaden the company's base. Turnover in the half year fell from £3.43m to £3.28m, the market for homebrew, wine and soft drink concentrates staying depressed.

They did, however, express their confidence in the company's longer term prospects. They were in the process of identifying and developing (L4p) on earnings per share of 6.39p (£7.8p). The tax charge rose to £50,000 (£28,000).

Interest is credited on each published rate change, but not less than half yearly.

BOARD MEETINGS

Table with columns: TODAY, FUTURE DATES. Lists board meetings for various companies like Arlinton Securities, British Overseas Airways, etc.

NOTICE OF REDEMPTION To the Holders of WESTPAC BANKING CORPORATION

12 1/2% Subordinated Bonds due 1992

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Trust Deed dated January 31, 1985, \$1,000,000 principal amount of the above described Bonds has been selected for redemption on November 17, 1986 at a redemption price of 101% of the principal amount thereof, together with accrued interest to said date, as follows:

Table of bond numbers: BONDS OF U.S. \$5,000 EACH. Lists serial numbers and amounts.

On November 17, 1986, the Bonds designated above will become due and payable as aforesaid in such coin or currency of the United States of America as at the time of payment shall be legal tender for public and private debts. The said Bonds will be paid, upon presentation and surrender thereof with coupons due January 31, 1987 and subsequent dates, at the option of the holders subject to applicable laws and regulations, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt (Main) or London, or Kreditbank S.A. Luxembourg/Brussels in Luxembourg, or Swiss Bank Corporation in Basle. Payments at the offices referred to above will be made by a check drawn on, or by a transfer to, a United States dollar account maintained by the payee with a bank in New York City. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds if payees who are not recognised as exempt recipients fail to provide the paying agent with an executed IRS Form W-9 certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.

On and after November 17, 1986 interest shall cease to accrue on the Bonds herein designated for redemption.

Dated, October 17, 1986 WESTPAC BANKING CORPORATION

Johannesburg Investments Consolidated Group. Gold mining companies' reports for the quarter ended 30 September 1986 with comparative figures for the previous quarter.

Randfontein Estates. Operating Results (Unaudited) for 30.09.86 and 30.06.86. Includes revenue, profit, and financial results.

SAMPLING RESULTS. Tables for Randfontein Estates and Elsburg showing gold and uranium production, and shafts.

GOLD PRODUCTION. Tables for Elsburg showing gold and uranium production, and shafts.

Western Areas. Operating Results (Unaudited) for 30.06.86 and 30.06.86. Includes revenue, profit, and financial results.

SAMPLING RESULTS. Tables for Western Areas and Elsburg showing gold and uranium production, and shafts.

H J Joel. Results (Unaudited) for 30.06.86 and 30.06.86. Includes revenue, profit, and financial results.

Demand still low at Brewmaker

WITH DEMAND remaining depressed, aggravated by the poor summer, the profit of Brewmaker for the half year ended July 31, 1986, fell from £175,000 to £68,000.

For the full year the profit would be substantially lower than the £219,000 pre-tax earned for 1984-85, the directors warned, but they are holding the interim dividend at 0.3p net. They did, however, express their confidence in the company's longer term prospects.

They were in the process of identifying and developing (L4p) on earnings per share of 6.39p (£7.8p). The tax charge rose to £50,000 (£28,000).

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FINANCIAL TIMES SURVEY

Friday October 17 1986

Property along the M25

The final link in London's £1bn orbital motorway should open this month. But the road has already significantly affected land values and traffic.

Magnetic circuit closes

By William Cochrane

THE 120-MILE M25 orbital motorway around London—the final sections of which will be opened by the end of this month—has generated frustration, controversy and much wealth in both its planning and construction.

In the areas where it has already become an established part of the road pattern it has had a significant impact on traffic flows, land prices, office, industrial and housing location. Once it is completed it could play an important role in spreading wealth more evenly over the south east region as a whole.

It also has a national significance which Britain's poorer regions have not failed to observe. Built at a cost of £1bn it will further enhance the attractiveness of the south east as a magnet for new business start-ups and as the administrative centre for manufacturing and service organisations.

Other controversy, too, has dogged it. Traffic experts say that serious overcrowding on the motorway was evident well before it was finished. The choice of Trafalgar House to build a four-lane bridge across

the Thames at Dartford is one response to the "unacceptable pressure" foreseen by government for the Dartford tunnels early in the 1980s.

There is controversy at professional level, where agents Rogers Chapman, active in the booming western quadrant of the motorway and its environs, highlight the continued growth of the Western Corridor along the M4 between London, Bristol and Cardiff. They give credit to the M25 for stimulating this process. The changes they perceive, therefore, fall naturally into the western arc.

They say that the opening of the motorway has led to considerable demand for new accommodation in smaller, often more attractive, locations which have the benefit of easy access to the motorways.

"Towns such as Chertsey, Egham, Staines and Uxbridge have come under considerable pressure from prospective occupiers," they say, "with the result that rental levels in these areas are now at a similar level to those obtained in the major centres."

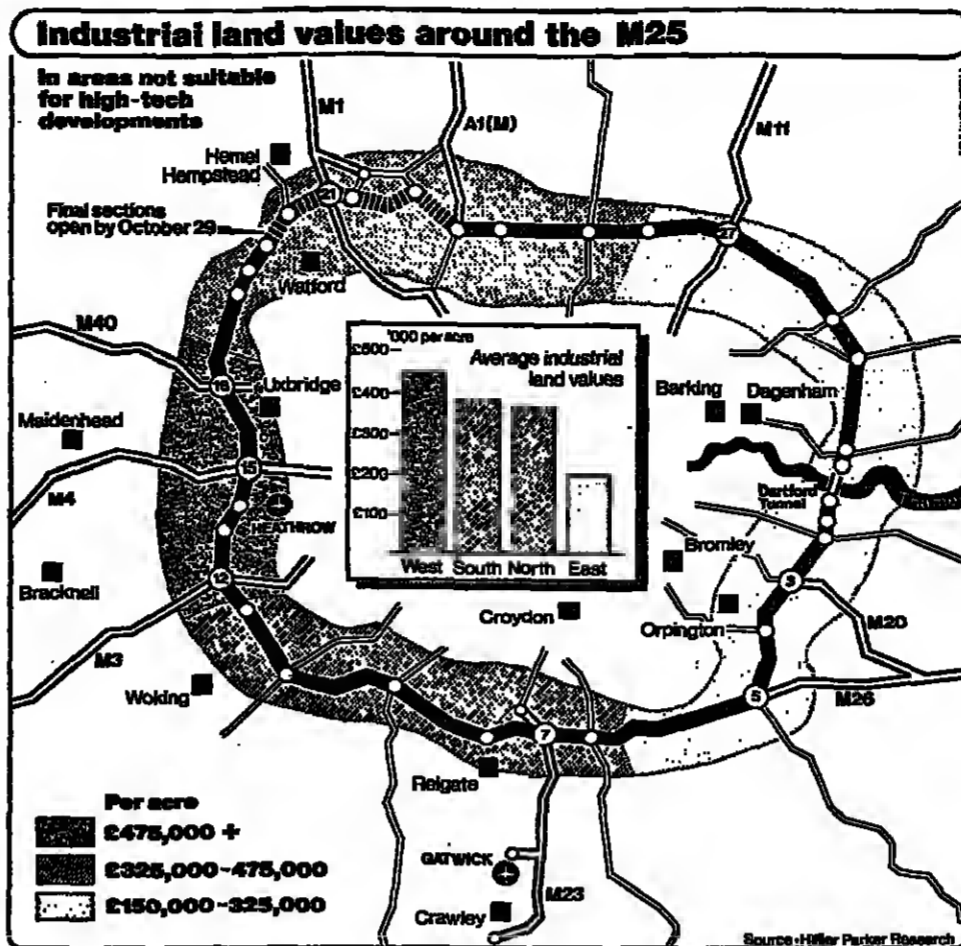
"Some of the more traditional centres including Ealing,

Hounslow, Richmond, Slough and Reading were hitherto well established for having easy access to central London via road and rail and good motorway communications, and accessibility to London's Heathrow Airport," they say.

"The desirability of some of these traditional centres has been undermined by the opening of the M25 motorway with companies recognising the locational advantages of moving to centres around the M25."

Mr Fer Dijkstra, head of research at Knight, Frank and Rutley, says that the overall western bias was predictable. Active towns like Hounslow, Uxbridge and Redhill have become more active, he notes, while their less active counterparts to the east of London, like Harlow, Enfield and Romford, have not suddenly become the focus of developers' interest.

"Accessibility does not necessarily or immediately lead to increased development," says Mr Dijkstra. "Inertia is more important. Companies do not move often and when they do, they don't move far."



"Change is gradual—a sort of ripple effect. That is why we are seeing an upsurge in Hertfordshire—Watford, St Albans, Hemet Hempstead—but not yet in Enfield, Harlow and Waltham Cross."

Mr Dijkstra's view of the future foresees no miraculous conversion among developers, funders or occupiers in the wide open spaces. He predicts traffic congestion in the western section of the M25, housing shortages, staff shortages, high house prices, higher rents for commercial property—an amount of growth which can't be satisfied, so business will go west along the M4 and north into Hertfordshire.

Developer Beacontree Estates goes for a virtually segregated system with hi-tech, high value situations in the west and, generally, warehousing distribution on the east.

While such a philosophy would not delight social engineers," it says, "there remain two principal obstacles to

mobility of commerce: The user who cannot take undue risks in relocating; and the institutional funding sources which are not geared to taking undue risks and always wish to see evidence in the market place in terms of rentals and other investors' involvement.

The company's directors say that while this may seem a negative reaction to the imminence of the M25, the imminent completion of the new road has not produced the results which were predicted.

"As a radial route around London it has revolutionised travel to work habits, but in the long term, perhaps, it will do little more than improve the attractiveness of certain sites whose immediate access is improved by a change in local road patterns," they say.

Agents Debenhams Tewson & Chinnocks say that the M25 itself is not the sole determining factor in locating development. Two other aspects are important:

① The ability of the particular location to offer facilities which large commercial companies need. "Many places along the M25 are small centres which cannot in themselves support major developments," they say. "There is still a preference for good communications with central London, mainly via a rail link."

It is a point which developers, investors and occupiers would do well to bear in mind. The M25 is not a battle plan, nor a treasure chest, nor even a concrete neckpiece with valuable or less valuable locations dangling from it.

It is a motorway frequently bordered by green belt and surrounded by towns. Some of them seem to have no heart, certainly no attraction for headquarters office locations—like Orpington, in Kent.

Others, like Waltham Cross on the M25/A10 intersection in the north, seem to have the "magic" and are just waiting for the swing to the east.

Eastern Sector

Setting out to change minds

THERE IS relatively scant regard for the eastern quadrants of the M25 among developers, institutions or tenants of commercial property.

"However, a report entitled Eastern Promise? by those practical academics Michael Breheny, Douglas Hart and Peter Hall for the London Property and Design Practice Derrick Wade and Waters* sets out to change a mind or two.

Having started out as a survey of development prospects for the M11 corridor, stretching from London to Cambridge, the research broadened to cover eastern England from Cambridge in the north to the Kent coast in the south—including east London in the middle.

The report tackles issues, including:

- ① the economic base—already prosperous, it says, showing that its M11 core area in 1981 had a higher proportion of its workforce in high technology jobs than Berkshire;
 - ② Analysis of the combined effects of the completed M25, Stansted Airport, the Cambridge hi-tech phenomenon and the direct motorway link to London's Docklands;
 - ③ the "discovery" of eastern England, its European funds, its booming population, including such gems as: "Virtually all of the major national infrastructure developments in the UK are taking place in Eastern England";
 - ④ an assessment of the effects of the major road, air and rail changes which, it says, are now turning London eastwards; and
 - ⑤ a challenge to the apparent failure of local planners to change and direct development pressures.
- The authors say that a series of major public and private sector development initiatives, completed or planned, look set to give the area a major boost. These include completion of the M25, which gives greatest increased benefits in its eastern section, and the completion of the M11, which combined with the effects of the M25 gives greatly increased accessibility to areas in the centre of the M11

corridor, such as Hemel and Saffron Walden.

Extension of the M11 south into London's Docklands would bring it within three miles of the City of London and make it the motorway closest to the heart of the capital.

London's docklands will be rejuvenated, including a light railway and a new airport which will supplement an improved road and rail system in north east London, including the proposed East River Crossing, giving this part of the capital the best communications network of any part of Inner London.

Other growth factors such as the proposed Channel Tunnel; the expansion of Stansted Airport to become London's third airport; and the increased importance of the east coast ports, as trade with the EEC increases.

"Heathrow cannot get much better. What the M25 has done is to open up other areas."

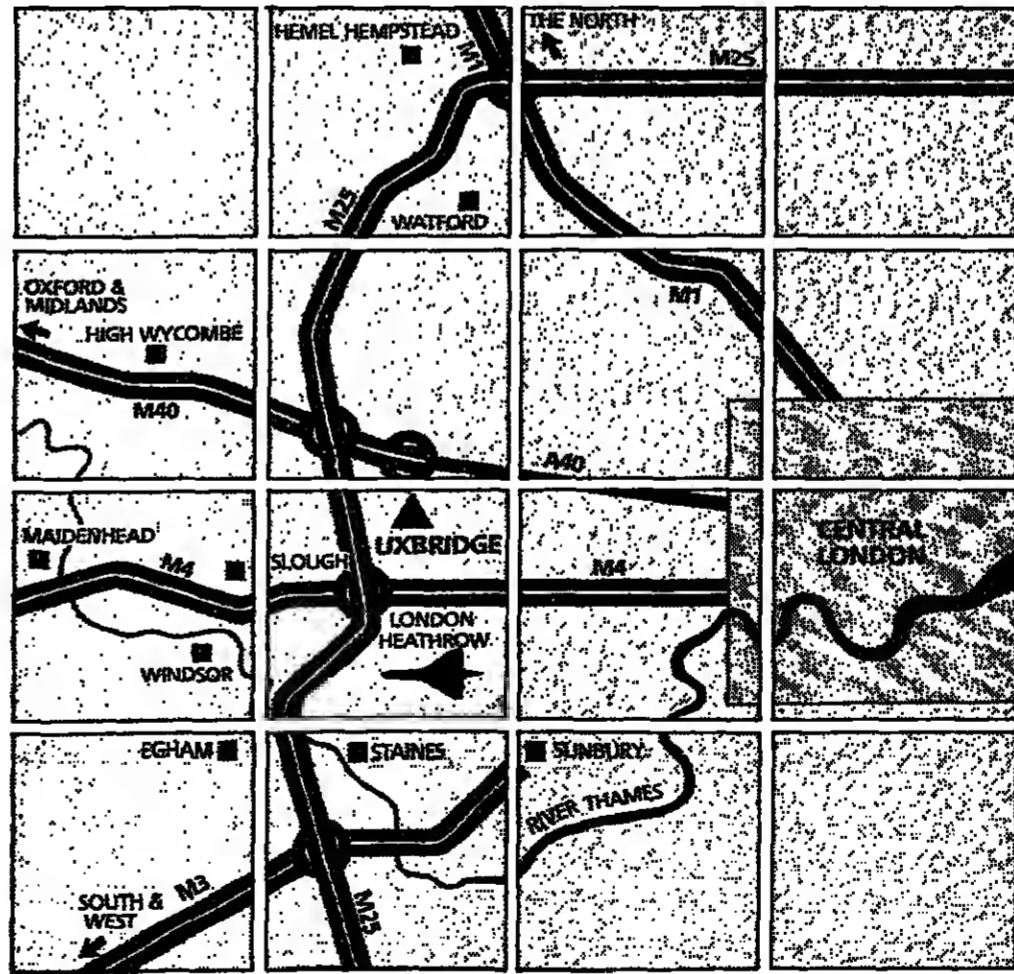
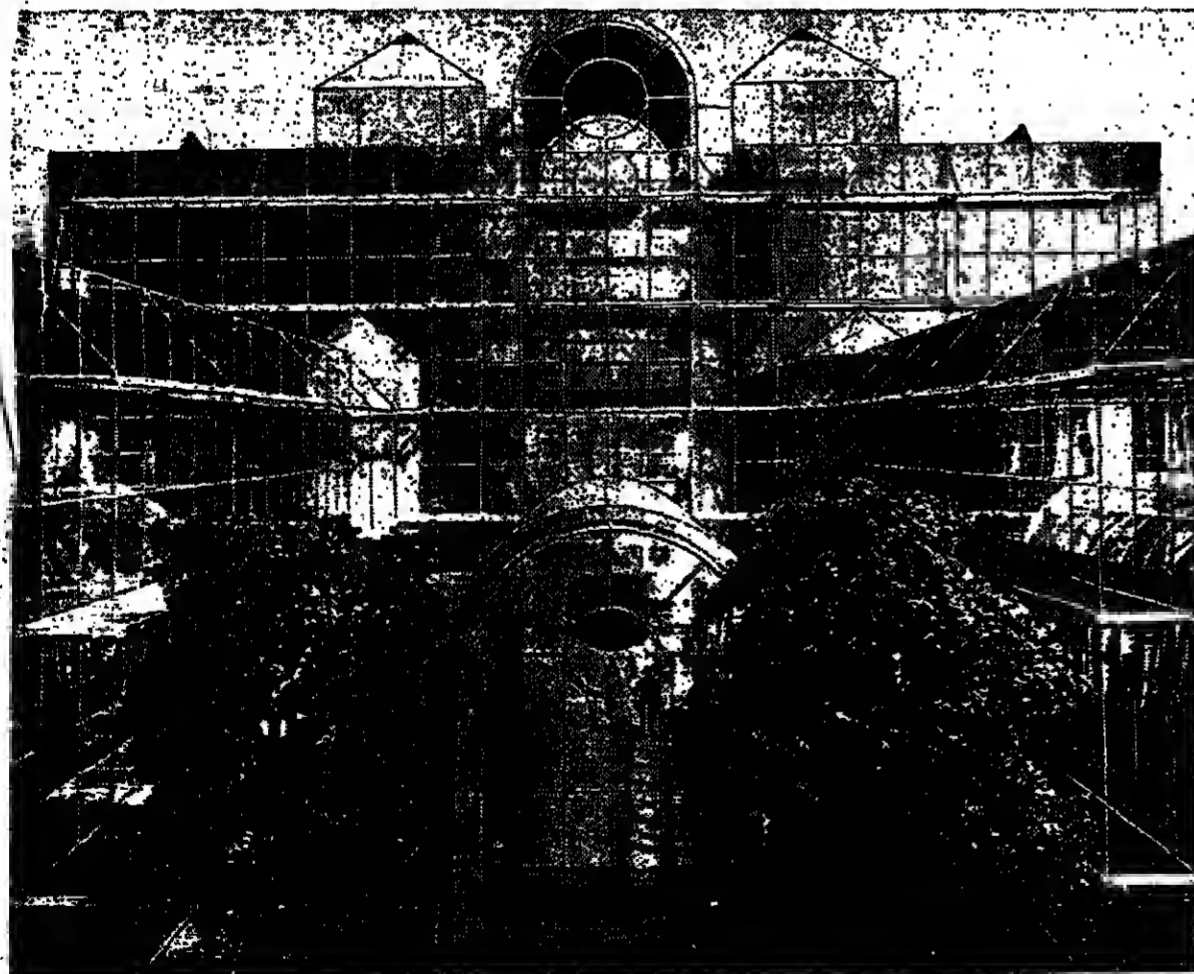
Roger Saper, of Jones Lang Wootton

"More important than the individual impact of any of these projects is their cumulative overall effect on the prospects of eastern England," say the authors. "They suggest that the M11 Corridor will not be an isolated pocket of development potential but that it, and these other developments in eastern England, will be mutually and beneficially supportive."

They say that a common denominator of many of these developments is Britain's increasing European orientation, and that eastern England is well placed to take advantage of this growing trade and travel with the Continent.

* Michael Breheny, Douglas Hart and Peter Hall, Spatial and Economic Associates, Faculty of Urban and Regional Studies, University of Reading, PO Box 237, Reading RG6 2AF. Derrick, Wade and Waters are at 78 Wimpole Street, London W1M 7DD.

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M25 PROPERTY 2

Retail

Lion's share of development

A SUBSTANTIAL amount of retail development has taken place around the M25 over the past decade.

"More than 5m sq ft has opened since 1976 and these figures apply only to schemes of over 50,000 sq ft," according to Mr John Hetherington of Hillier Parker. "This represents about half of all such developments in the south-east."

The development pattern, however, has been quite different from that of the rest of the region. For the area as a whole, the amount of floorspace open in the past five years has been almost identical to that of the previous five. But developments around the M25 have more than doubled, and account for a quarter of all floorspace opened in the south-east since 1980.

Mr Hetherington says the development contrast is even more pronounced when schemes in the pipeline come under review. Schemes proposed, in the planning stage, or under construction show the effect of the out-of-town retail procession with 40 per cent of such schemes in the south-east lying close to the M25.

Mr John Milligan of Jones Lang Wootton thinks that maybe four of these out of town giants—typically around the 1m sq ft mark, many of them with leisure facilities as well—will eventually be built, probably one for each quadrant of the M25; and that the immutability of green belt may come seriously into question.

"This is inevitable," he says. "There is a demand for these centres. If you stick one out

side a town centre, you could kill the town; if you put it on green belt you would allow the town centre to survive by changing its shape a little bit."

Mr Tony Tapley, part of the town planning team at Healey & Baker, is involved with three major out-of-town schemes, two for Town & City (part of the P & O group) and one for London & Edinburgh Trust.

T & C's Dolphin Park at Thurrock, one of the tip of the M25 just north of the Dartford Tunnel, would be more than 1m sq ft with expensive leisure provision, including a 100,000 sq ft children's village.

Unfortunately it competes with a plan by Pearson Lakeside and Capital & Counties of similar scale on the other side of the motorway—where Pearson, and RTZ Estates next door, are already going ahead with what could be an aggregate of 800,000 sq ft of convenience retailing, in adjacent retail warehouse parks.

Both of the Thurrock regional schemes were called in by the Environment Secretary and a public inquiry into both is expected to open next January 13. "It was originally allocated 40 working days, which would have been 10 weeks," says Mr Tapley, "but it has been reallocated 30 days." The decision from that inquiry, he thinks, could take up to a year.

Thurrock is relatively low key. T & C's other major plan, for the "Golden Triangle" at Brickley Wood, is anything but. St Albans City and District Council was furiously opposed to development of this green belt site in June of last year, when the plan was first

Two developers' views of the market

Warning over boom hope

BEACONTREE Estates, the development company jointly owned by Clarke Nickolls & Coombs and J. M. Jones (Holdings), sounds a warning to those who think that congestion in the western quadrant of the M25 heralds an instant property boom further east.

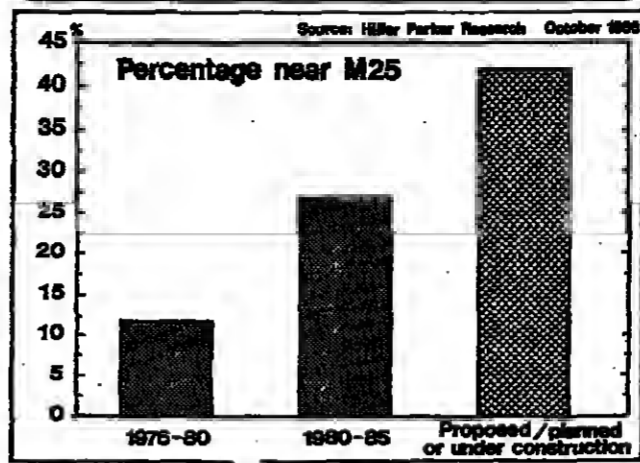
The company's directors find it interesting to reflect upon the Hillier Parker / Investors Chronicle research survey carried out in March 1979 (The effect of Motorways on Industrial Rental Growth) in which, they say, "the conclusion was that motorway communications of themselves would not render acceptable, and attractive, locations which did not possess inherent economic strength and which were not in areas of economic prosperity."

They while the London area and the south-east generally are different from the national pattern, they are perhaps merely a microcosm of this national phenomenon.

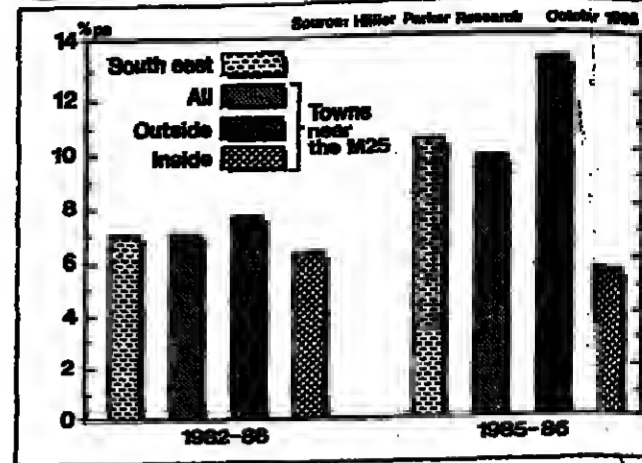
The directors point to the increasing pressures of demand for office and high technology and warehouse property in the relatively small area from Bracknell and out west to Reading.

"Perhaps the message here," they say, "is that the evolution of community development and hence economic activity is slow

Shopping scheme developments in south east



Shop rental growth in the south east



development in the area. In April, Watford Borough Council joined with Sun Alliance Insurance and Capital & Counties to put a £100m, 500,000 sq ft development shopping centre on what is known as the Mars 1

at Mars 1 since the early 1980s, they have the will to improve access, parking and environment to compete with peripheral locations.

William Cochran



Beacontree Estates and Barchays de Zoete Wedd paid £1m an acre for land to develop Pine Trees, an office industrial scheme at Staines

well as the lack of this scale of development on a speculative basis.

"At the same time," says the company, "although it has been apparent that a number of multinational companies are now considering six locations around the M25 between Leatherhead and Watford (on the fringes of the western quadrant), earlier schemes in Leatherhead and several schemes in Hemel Hempstead have remained vacant for some time after completion."

It says that Watford has been considerably more successful with Mars 1, Diversy and Megasat taking substantial units at good rentals. "The indication is that areas on the periphery of the 'Golden Triangle' have been attracting local companies rather than companies seeking UK headquarters."

Beacontree says that the M4 will keep the allegiance of information technology companies. It reckons that on the eastern sector of the M25, pressure will build up for distribution locations. "In the short term," it says, "landowners on the western sector will sell well-located sites for warehouse or conventional industrial values."

Added to this, say the Board, the operating costs of distribution centres in the eastern

Beacontree Estates

relative to changes taking place in the market place for consumer goods and the products of information technology industries.

Beacontree accepts that pressure for accommodation within this "Golden Triangle" leads to the taking of space which is "less than ideal" in terms of location, quality or size. Under-specified space of this type, says the board, will remain unless it faces competition in its immediate area, even if that area is Bracknell or Maidenhead.

In the Heathrow area, Beacontree itself has had two developments known as Space Centre 1 and 2. These were both pre-empted to local occupiers while the Space Villages scheme in Bracknell and The Switchback in Maidenhead were both substantially let prior to completion at top rentals.

On a large scale, it notes, both the Beacontree Estates 221 Concept at Slough and LET's Waterside Park development in Bracknell were let prior to completion to Woodchipper and Hewlett Packard respectively, indicating the demand for large units around 100,000 sq ft—as

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PETER LEWIS ASSOCIATES deMorgan

Looking north for rental growth

HUNTING GATE, the private property company which was once the platform for the development talents of Mr Danny Desmond, who resigned in 1983 and is now prospering with his Bride Hall Developments vehicle, has a more settled look about it these days.

In September 1985 it found a new chief executive in Mr John Rodgrave, former chairman of Walker Laurence, to add to the existing skills of director Mr Ken Grundy and the incoming younger generation of the ruling Bandet family.

It had some trickshots slung at it for sticking a 188,000 sq ft "mid-tech" development called Keywest into the Southern Industrial Estate at Bracknell. The £13m development comprised 150,000 sq ft of warehousing, 18,000 sq ft of offices, and 31,000 sq ft in three separate buildings suitable for office or research/development use.

"Neither fish nor fowl," said the trade, and watched Keywest hang on the market while the hi-tech boom surrounded it. However, this July the 188,000 sq ft went to Dorothy Perkins, part of the Burton Group, for its new UK distribution centre.

Mr Grundy says that Hunting Gate was traditionally an indus-

trial developer and one gets the impression that Keywest was part of its evolution. Now, with Allied Dunbar Property Funds in partnership, it is going decidedly up market (and up the A1(M)—with its Shire Park business park at Welwyn Garden City).

"Shire Park, at the moment, is designed as two-storey hi-tech but certain elements of it could be offices," Mr Grundy says. "The planning authorities at Welwyn and Hatfield have indicated that a named user—or even better, an existing user—might get sympathetic consideration for office use."

Hunting Gate accepts the philosophy that rental growth in the western sector of the M4—which it defines as between the M3 and the M40 intersections—can be expected to continue.

However, as a property company, it wants to look beyond that. "The imminent completion of the north-west section of the M25, together with further improvements to the A1(M), will provide the corridor between the M1 and M11 with the long-awaited direct motorway link to Heathrow," it says.

This sector, the argument continues, will then boast an infrastructure and quality of environment equal to the western corridor. It is here that Hunting Gate sees its opportunity.

"At present," it says, "rental levels in this area are considerably lower than those prevailing further west so we anticipate companies with office and hi-tech requirements focusing more strongly on this sector—with the result that, over the next year or three years, rents are likely to grow faster."

Hunting Gate sees rents equating to those in the western sector and says that the north-west has the very good quality housing—not to mention extensive green belt restrictions on development land—to bring about its upgrading.

It supports the eastern sector argument. "Heavy industry and warehousing has tended to predominate in the area between the M1 and M20 with rents substantially lower than further west," it says. "The completion of the M25 will encourage traditional warehousing and industrial development and we expect good demand from

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M25 PROPERTY 3

Industry

Green belt questioned

THERE IS a lot of breadth in the industrial property market these days; from the quasi-office business park, through assembly, research and development and show space, light industrial and storage space to the simple warehouse shed.

Business parks and sheds are seen as the engines of the market, and what links them to the M25, according to some observers, is that it is hard to find either variety.

Mr Roger Saper is an industrial partner at Jones Lang Wootton, one of the firms responsible for letting Stockley Park, the high-prime 15m sq ft business park adjacent to London's Heathrow Airport which has just secured Fujitsu, Japan's top computer maker, as its first tenant.

He thinks that hi-tech may have been oversold. "A number of people will not go ahead with it at the moment," he says. "It is getting harder to fund. As land prices are squeezed up, developers have been cutting down on the essentials—parking, environment, quality—and they will be left with bad developments on their hands."

He has another problem with warehousing. "I am searching for 20,000 to 40,000 sq ft for a major public limited company south of the Thames and I cannot find a building. What he wants is a simple shed with good quality floors."

"You can not get people to put money into sheds," he says. "There are two funds which will invest in them but there is just not look east, where sites are available."

Mr Laurie Soden, of Edward Erdman, thinks that people are too ready to accept the status quo: that green belt regulations restrict the supply of development land in the western quadrant, pushing up land values to £1m an acre and making shed development, at that price, impossible.

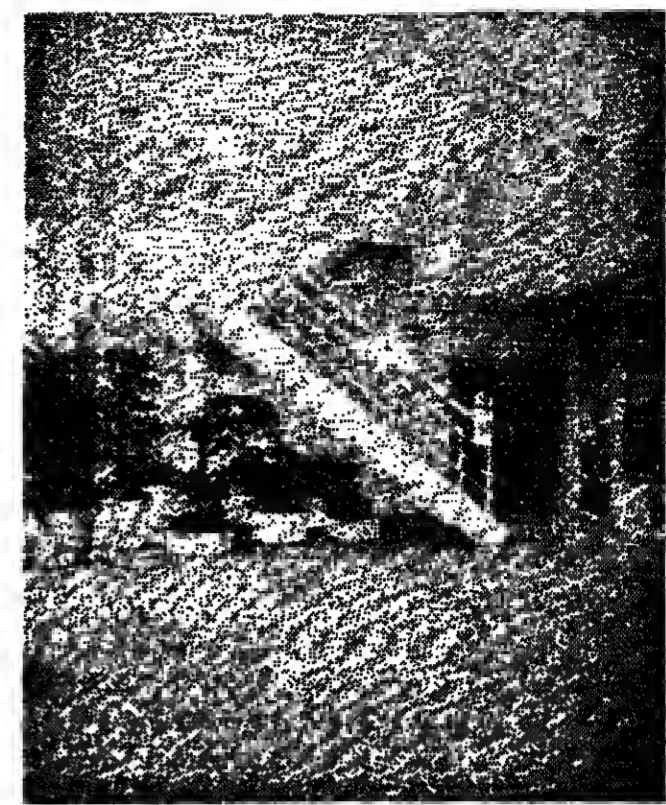
First, he attacks the supply theory. "There are 15 or 20-acre infill sites in the western quadrant, already surrounded by roads and industrial development, which happen to have been designated green belt but which will never amount to more than low quality agricultural or disused land," he says. "This sort of site could not be made high quality agricultural or brought into an accepted green belt use, except at a very high cost."

"We should be looking at the development of this type of site, green belt or not. We would be agreeable to designation of the site as industrial by the local authority." He says that he can think of two or three sites in the "hot" quarter of the M25 which would come into this category.

"You would be talking about land values of £300,000 to £400,000 an acre for 10 to 15 acres, providing you can leave



Crosfield Electronics has pre-leased Scottish Provident's second scheme in Maxted Road, Hemel Hempstead, at more than £7 a sq ft



Sheraton Fraser Wood has achieved about £9 a sq ft rents for its County Oak high-tech scheme in Crawley

Office

To old manors reborn

MOST COMPANIES ask four or five fundamental questions of themselves when they think of office decentralisation, says David Baker, office partner at agents Edward Erdman. He lists them:

- "Can we afford to move, considering redundancy and relocation costs and the general upheaval?"
- "Do I need to house back office staff and equipment in the City of London at rents of £30 a sq ft?"
- "Will there be a loss of business if I move?"
- "Where do we go?"
- "Will it be a finished development or a building site?"

He adds another: "If I wanted 100,000 sq ft plus, how many buildings do I have to choose from?" He sees a choice of eight to 10 at most, scattered round the M25—most concentrated in a recognised office environment.

Harry Hyams, a developer in the traditional, entrepreneurial mould, has 221,000 sq ft building in his Oldham Estates development of Dukes Court, at Woking. Croydon has a lot of office space (total stock about 8m sq ft) but is arguable whether it is really an M25 town.

Michael Dow, partner in charge of decentralised offices at Jones Lang Wootton, maintains that office size on the M25 is more a function of the planner than that of the developer.

"There is demand enough in the western quadrant to take any amount of space you could build," he says. "Norwich

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Crawley

First in US style leases

LOCATED next to Gatwick Airport and the M23, Crawley is one of a clutch of towns around the southern end of the Sussex including Croydon, Bromley and Orpington—which leave many property people unmoved.

It is one of the original new towns and is now the second largest town in West Sussex with a population of around 85,000, says Harold Williams Bennett and Partners in a recent report, which notes that the expansion of Gatwick is expected to create employment for a further 11,000 people on top of its present 15,000 in a variety of related jobs.

The main office locations in Crawley, says the report, are concentrated in the town centre and also beside the A23 London Road close to the County Oak roundabout.

The highest rent presently achieved in the town is £10.50 per square foot paid by Dyracell which has leased the top floor of Griffin House in the High Street, a development undertaken by Midland Bank Pension Trust and other developments and Rensdale. Also in the High Street is Ashdown House, a 34,500 sq ft development by Prudential Assurance and London Country Buses, where a rent of £11.25 per square foot is being asked.

In the town centre, The Galleria, a fully air-conditioned 40,000 sq ft headquarters office development situated in Station Road, is being undertaken by Guilford Developments in partnership with Standard Life.

The building, which will be available by mid-1987, is arranged on four floors around a central atrium with two wall-climbing lifts. There will be parking for 150 cars.

At present there is some 100,000 sq ft of office accommodation being marketed in the town, with a further 90,000 sq ft of new space under construction.

Richard Piggott, founder and director of Guildborne Developments, says that the office market along the southern section of the M25 is extremely buoyant, with demand beginning to outstrip supply.

He says that Crawley is the first town in the UK to witness a major innovation in lease terms: Standard Life and Guildborne have introduced major new "American-style" leases on The Galleria.

The terms include a mutual break clause at 10th, 15th and 20th years with a tenants' break clause at the end of the fifth year. Cost saving elements incorporated in these terms include a fixed rental review at the fifth year; no legal costs to the incoming tenant if the printed lease is agreed unaltered, and non recourse on assignment.

W.C.

Winnersh

Work restarts on business park

LESLIE LINTOTT'S recent M25 motorway map, detailing office and hi-tech accommodation present and proposed to the west of London, actually goes as far west as Reading. Slough Estates' Winnersh triangle development, therefore, comes well within its ambit.

The Winnersh Triangle, situated 1 1/2 miles north of Junction 10 of the M4 linking London, Bristol and south Wales, has been described as Europe's premier business park and is one of the largest new estates in the country.

Slough Estates, Britain's fourth largest property company, is developing the remaining 40 acres of land on the site, which adjoins and has a frontage of half a mile to the A329M which connects Reading with Bracknell, often called the hi-tech capital of the UK.

"The total investment value of Slough's scheme will be in excess of £100m. The company says that this is one of the few business parks in the country which has its own direct line into the motorway system with an access road from the A329M leading into the site."

Slough says that the overall scheme is designed to create a spacious parkland environment in which high-quality buildings totalling in excess of 850,000 sq ft will be located. Retained letting agents are Fletcher King and Drivers Roman.

The first phase of development, comprising about 150,000 sq ft of two and three storey high-tech accommodation, is due to commence in January 1987 and will represent the first speculative accommodation built on the site since 1961. At the same time, individual occupiers' requirements will be catered for in purpose-built facilities.

Travel times include a drive of less than 25 minutes to London Airport by motorway, British Rail's high-speed Inter-City 125 services from Reading (some 10 minutes drive from the site) provide links to London Paddington, 22 minutes, Bristol in 45 minutes and Cardiff in 100 minutes.

In addition the new British Rail station at the entrance to the park is now operational, providing a direct link to Reading and London (Waterloo).

Slough Estates acquired the freehold interest in the site when it took over Beta Properties in January. An architectural competition was sponsored by Slough in May to select an architect, and this was won by the Covell Matthews Wheatley Partnership.

W.C.

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EQUITIES

Table with columns: Issue, Price, Date, High, Low, Stock, Change, %

FIXED INTEREST STOCKS

Table with columns: Issue, Price, Date, High, Low, Stock, Change, %

"RIGHTS" OFFERS

Table with columns: Issue, Price, Date, High, Low, Stock, Change, %

Revisions data usually last day for details of new issues, a financial dividend, figures based on prospectus estimates, D Dividend rate paid or payable on part of capital, cover based on dividend on full capital, A Assumed dividend and yield, F Forecast dividend cover on earnings reported by issuer, interim payment, H Dividend and Yield based on prospectus or other official estimates for 1987, L Estimated annual dividend, cover and yield based on latest annual earnings, P Forecast annual dividend, cover and yield based on prospectus or other official estimates, W Pro Forma figures, I Indicated dividend cover ratios to previous dividend, R Ratio based on latest annual earnings, F Forecast, or estimated annual dividend rate, cover and yield based on previous year's earnings, Y Issued by tender, O Offered holders of ordinary shares, a "rights" issue, "imp" Issued by way of consolidation, P Placing price, A Admitted, Y Issued in connection with reorganisation, merger or takeover, M Allotment price, U Unlisted securities market, T Official London Stock Exchange, including warrants, convertible.

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FT CROSSWORD PUZZLE No. 6,153

Crossword puzzle grid with clues for Down and Across.

ACROSS
1 Plan spread out of Africa 14
4 14 down required for large bed, perhaps (8)
9 14 down may be recommended as a sun resort (8)
10 Majestic state 14 down (8)
12 When alliance contains a hundred it's 14 down (8)
13 A 14 down rank Arabs hold (6)
14 A study of Asian 14 down (4)
14 Native art produced around an island 14 down (10)
15 14 down example of a Communist walled city (4, 6)
21 Pop back to a 14 down (4)
23 Advocates breaking into stolen Tasmanian 14 down (6)
25 Shaw's tail cut by chap from the French 14 down (8)
27 Bill returns to unusually barren 14 down (8)
28 Ex-14 down sort of paper (6)
29 We'll go in to order African 14 down (8)
30 Quietly argue about 14 down (6)
DOWN
1 A universal sign of Buddhists (7)
2 They adopt some strange attitudes (9)
3 Do a rush job on the roof (6)
4 Big lake up country (4)
5 A regent's devious approaches (4, 6)
7 Great arterial way (5)
8 Issue call-up to rising Greek character (7)
11 Reluctant to hold new rank in W. African 14 down (7)
14 Essential requirement for starting a mine in California (7)
17 I'm hanging on, there's something about to happen (9)
18 Terrier breed Ena transferred (8)
19 Latch that is made right (7)
21 Lush praise (7)
22 I'm not one to weaken (6)
24 Commonplace restriction on a learner (5)
26 Collect one's pay with a minor rise (4)

SOLUTION TO PUZZLE No. 6,152
ACROSS
1 AFRICAN
2 BUDHISM
3 ROOF
4 LAKE
5 REGENT
6 BUDHISM
7 GREAT ARTERIAL WAY
8 GREEK
9 BARRIERS
10 CALIFORNIA
11 MINE
12 HANGING
13 ENA
14 LATCH
15 PRAISE
16 WEAKEN
17 RESTRICTION
18 TERRIER
19 MADE
20 LUSH
21 LASH
22 ONE
23 TASMANIAN
24 BARRIER
25 SHAW
26 PAY
27 BARRIERS
28 PAPER
29 AFRICAN
30 ARGUE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts with columns: Name, Issue, Price, Date, High, Low, Stock, Change, %

FT UNIT TRUST INFORMATION SERVICE

Table listing various unit trusts with columns: Name, Issue, Price, Date, High, Low, Stock, Change, %

AUTHORISED UNIT TRUSTS & INSURANCES

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Windsor Trust Managers Ltd
83 Kingsway, London WC2B 6SD

INSURANCES

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Abney Life Assurance Co Ltd
Acton Life Assurance Co Ltd
Allied Dunbar Assurance Plc
American Life Assurance Co UK
Black Horse Life Ass. Co Ltd
British National Life Assurance
Cannon Assurance Ltd
City of Edinburgh Life Assurance
City of Westminster Assurance

Equity and Life
Fidelity and Life
Fidelity and Life
Fidelity and Life
Fidelity and Life
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M & G Group-Central
Merchiston Asset Management Ltd
Merchiston Life Assurance Co Ltd
Merchiston Life Assurance Co Ltd
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Prudential Life Assn-Cores
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Scottish Amicable Investments
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INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and financial services, including company names, addresses, and contact information.

Main table listing insurance, overseas, and money funds with columns for company name, address, and other details.

Table listing money funds, including fund names, managers, and performance metrics.

Table listing offshore and overseas services, including company names and contact details.

Main table listing insurance, overseas, and money funds, continuing from the previous section.

Table titled 'Money Market Trust Funds' listing various trust funds and their details.

Table titled 'Money Market Bank Accounts' listing various bank accounts and their features.

Table listing traditional options, including 3-month call rates and other financial instruments.

Table listing traditional options, including 3-month call rates and other financial instruments.

COMMODITIES AND AGRICULTURE

Opec deadlock continues

By Richard Johns in Geneva

THE ORGANISATION OF Petroleum Exporting Countries (Opec) was deadlocked yesterday over whether external indebtedness should be included among the criteria for redistributing output quotas. Debate was heated at this morning's closed session, and at one point Mr Arturo Hernandez Griñanti, Venezuela's chief delegate, was understood to be on the point of walking out as he clashed with Arab producers. The lack of any progress east a shadow over oil markets, which on Tuesday and Wednesday had been showing some signs of improved confidence. In London Brent prices dropped by 40 cents a barrel to about \$18.70, while in New York the price of West Texas Intermediate in the morning drifted by 40 cents to about \$14.40. It looked last night almost certain that this marathon meeting would last into next week. The majority of members were still in favour of a simple roll-over until the end of the year of the existing interim accord, scheduled to expire at the end of October. They thought the further discussion about the next question of redistribution of quotas should be deferred until early December. As yet, however, the demand from Kuwait for a higher allocation in the last two months of 1986 has not been withdrawn. There was unanimous agreement that three factors recommended by the experts should be used in calculating shares—oil reserves, production capacity and historic market share. Three others which have been adopted in principle (contingent on a compromise on the question of external debt) are internal consumption of oil, petroleum as a proportion of foreign exchange earnings and size of population. In the last analysis criteria and weighting will have to be adjusted to create a formula as close as possible to what can be politically acceptable to the Government's main oil states. Ministers had not this afternoon begun discussing the weights should be given to different factors. The issue of foreign liabilities is a particularly contentious one, not least because of the problem of definition. Naturally the most heavily indebted countries—Venezuela,

Duty threat boosts US lumber market

By David Owen in Chicago

SOFTWOOD LUMBER prices rose sharply yesterday on the Chicago Mercantile Exchange for the second day, as traders anticipated the possible imposition of a countervailing duty on US imports of Canadian material. By mid-morning, the nearby November contract was trading at \$177 per 1,000 board feet, an increase of \$8.20 since Tuesday's close. The US Commerce Department was scheduled to rule yesterday on a request by the US Coalition for Fair Lumber Imports to subject alleged Canadian subsidies to a massive \$2 per cent import tariff. If imposed at the level requested, it is believed that the tariff would constitute the largest countervailing duty in US history. Although the Commerce Department turned down a similar request in 1983, observers were at this time anticipating that a similar ruling would be made at a lower level than the CFIIR is requesting. "The feeling is that it could be between 15 and 20 per cent, maybe even higher," projected Mr Steve Platt, an analyst with Dean Witter Reynolds. Canadian "dumping" or overcutting policy is at the centre of the current dispute. In the US, companies have to bid well below market prices to cut given trees—practices which makes accurate price forecasting essential. In Canada, these are generally determined by government, who can lower them when prices fall. Canada last year supplied about 33.5 per cent of US softwood lumber requirements, up from 22 per cent in the last 1985. In the first quarter of 1986, however, lumber prices have been further bid since late July by a still unresolved strike by Canadian loggers and sawmillers. This has particularly affected production in British Columbia—the province which last year accounted for 61 per cent of Canada's 22.5bn board/feet total softwood lumber production.

LONDON MARKETS

ZINC PRICES came under pressure in thin trading on the London Metal Exchange yesterday. An \$8.50 fall in the cash position to \$610 a tonne took the decline on the week so far to \$18. Prices initially moved up a little from the levels reached in after-hours trading on Wednesday, but the move was not sustained. The subsequent fall was attributed to talk that the tightness of supplies available for immediate delivery was easing following the delivery of material from the Far East into LME registered warehouses. This was reflected in a further narrowing of the cash premium over three months metal to \$1.50 a tonne from \$2.75 at Wednesday's close and \$10 at one stage last week. On the coffee futures market the recent pattern of continued wide fluctuations continued. The January position, which on Wednesday had recouped Tuesday's \$60 fall, added another \$40 to reach \$2,262.50 a tonne. But the prompt November position which had gained \$122.50 on Wednesday, ended \$5 down on the day at \$2,267.50. LME prices supplied by Amalgamated Metal Trading.

REUTERS INDICES

GE. Yevoc. 1000 1981-1982

Table with columns: Index, 1981, 1982, 1983, 1984, 1985, 1986. Includes DOW JONES and MAIN PRICE CHANGES.

US MARKETS

COFFEE FUTURES moved moderately lower again with a market trading quiet in comparison to recent days to take the December contract back to a level of \$18.00, reports Hemold. Trading action has been dominated by locals who, with the help of a lot of short-covering, pushed the market to lower than Wednesday's close. Flatiron futures edged slightly higher again on technical buying although no fresh news was available to support the market, leaving it to close flat at \$572 per ounce, basis January. Gold eased over \$1 across the board with lower oil prices and yesterday's dimming prospect of an Opec output cut agreement putting its pressure on both gold and silver futures. Sugar futures showed a minimal change in very quiet trading as the market's ability to hold above \$7.00 a bushel, a basic March, helped restore some confidence in operators and left the market closing at 67c.

NEW YORK

ALLUMINIUM 50,000 lb. cents/lb

Table with columns: Month, Close, High, Low, Prev. Includes ALUMINIUM, COCOA, COPPER, LEAD, NICKEL, TIN, ZINC, GOLD, SILVER, SOYABEANS, WHEAT, CORN, POTATOES, HEATING OIL, CRUDE OIL, WHEAT, SOYABEANS, WHEAT, CORN, POTATOES, HEATING OIL, CRUDE OIL.

Marc Rich 'tolling' deals reopen US aluminium plants

By David Owen in Chicago

CLARENDON, the US affiliate of Marc Rich, the Swiss-based commodities trader, recently signed its third agreement in less than a year to have alumina smelted at a US facility. All told, the three deals would add the company's annual 210,000 tonnes of alumina per year from plants located in Oregon, Ohio and South Carolina. The agreements are on a "rolling" basis, which means that the smelter merely provides a service for the customer, which retains ownership of the material. The most recent arrangement involves one 40,000-tonnes-per-year plant at The Dalles, Oregon—a small 90,000-tonnes-per-year capacity plant, like since 1984. The Marc Rich affiliate is believed to have provided working capital for restarting the smelter. The company last month agreed to take over Reverse Copper and Brass's 70,000-tonnes-per-year commitment to smelt material through the company's Hannibal smelter, recently purchased by Ohio River Associates. This followed the signing of a tolling contract with Alumax earlier in the year, covering about 100,000 tonnes of metal to be produced at the latter's Mount Holly facility in South Carolina. A Clarendon official said that the agreements enabled the company to secure metal at a cost that was competitive. He denied that they formed part of any long-term strategy to increase the company's US involvement.

Wave of strikes petering out

By David Owen

THE WAVE of strikes which has plagued the US aluminium industry since the second quarter of this year appears to be drawing to a close. Settlements have been reached in two smelters since the beginning of an October and distinct progress is apparent at a third. The most recent deal was made this week at Noranda Aluminium's 225,000 short tons per year New Madrid smelter in Missouri. This plant's 900 unionised workers accepted a concessionary three year package involving overall wage and benefit reductions of some 14 per cent—marginally less than the company was seeking. News of the Goldendale settlement appeared to prompt a change of heart among striking workers at Alumax's Eastalco plant. Union members voted at the weekend to modify their previous demand for a 10 per cent concessionary offer, the company said. Talks between union officials and management have since resumed, it added. A settlement at Eastalco would leave just Alcoa's Sebree Kentucky smelter and the Hannibal Ohio plant, recently purchased by Ohio River Associates, still affected by protracted labour disputes.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

Table with columns: Metal, Price, Change. Includes COPPER, LEAD, NICKEL, TIN, ZINC, GOLD, SILVER, SOYABEANS, WHEAT, CORN, POTATOES, HEATING OIL, CRUDE OIL.

COFFEE

After positive significant early losses in coffee futures, recovery in somewhat confused trading was seen in the afternoon.

COFFEE

After positive significant early losses in coffee futures, recovery in somewhat confused trading was seen in the afternoon.

Compromise studied at rubber talks

PRODUCER AND consumer delegates were yesterday studying a new compromise aimed at breaking the deadlock in talks on a new International Rubber Agreement, reports Reuter from Geneva.

Today is the effective deadline for finalising a new pact to replace the current one which expired in October 1987. In an attempt to resolve a dispute over what currency should be used for denominated reference prices the meeting's chairman, Mr Mansopu Xiro, with the aid of the UN Conference on Trade and Development, has drawn up a plan calling for denomination in Malaysian ringgits, as the producers would prefer, with 12-monthly revisions instead of the current 18 months. Consumers have been seeking a more frequent price revision and denomination in Malaysian/Singapore cents as at present.

Sobering thoughts for US farmers

By Andrew Gowers

DOGGED OPTIMISTS in the Reagan Administration who claim that American agriculture is in a position to export its way out of trouble will find sobering reading in a report just published by Congress. US farm trade may have been liberating from the shackles of the strong dollar and artificially high support prices (loan rates) in the past year or so. But according to the report, from the Congressional Office of Technology Assessment (OTA), a considerable proportion of US output is likely to remain uncompetitive in the present fierce world market conditions—especially since international agricultural trade has declined during this decade as developing countries have reined in their imports. The report makes clear that the US is more vulnerable to a shrinkage in farm trade than other exporters; compared with Canada and Australia, for example, America has experienced a proportionately larger decline in exports of both wheat and coarse grains since the early 1980s. Among factors cited for the lack of competitiveness and poor performance of US exports are: The relatively poor quality of US grain. "Recently there has been a sharp increase in foreign complaints concerning the quality of US grain stocks," notes the OTA, promising a further investigation of this topic in the future. Advances in agricultural technology worldwide, which mean that US farmers enjoy the fruits of innovation for

SOYABEANS

US average 1.97

Table with columns: Country, Price, Change. Includes SOYABEANS, WHEAT, CORN, POTATOES, HEATING OIL, CRUDE OIL.

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US average 1.97

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SOYABEANS

US average 1.97

Table with columns: Country, Price, Change. Includes SOYABEANS, WHEAT, CORN, POTATOES, HEATING OIL, CRUDE OIL.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound steady

THE DOLLAR and sterling were little changed on the foreign exchanges yesterday. Economic news was reasonably encouraging as far as both currencies were concerned, but had little impact.

US industrial production rose 0.1 per cent in September, unchanged from August, and compared with forecasts of a fall of around 0.2 per cent, but dealers said this did not move the market.

In general the market ignored comments about the dollar made by Mr Robert Ortner, US under secretary of commerce for economic affairs, and on interest rates by Mr Gerhard Stoltenberg, West German Finance Minister.

STERLING—Trading range against the dollar in 1986 is 1.5355 to 1.7570. September average 1.6210. Exchange rate index rose 0.1 to 67.7, compared with 76.4 six months ago.

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UK unemployment in September, and were surprised by the fall of 22,000, while the underlying rise of 7.5 per cent in UK average earnings was in line with most forecasts.

JAPANESE YEN—Trading range against the dollar in 1986 is 202.70 to 152.35. September average 134.67. Exchange rate index 214.8 against 198.9 six months ago.

DEUTSCHE MARK—Trading range against the dollar in 1986 is 2.4710 to 1.9748. September average 2.0498. Exchange rate index 142.7 against 124.6 six months ago.

EUROPEAN CURRENCY UNIT RATES

POUND SPOT—FORWARD AGAINST THE POUND

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

MONEY MARKETS

OTHER CURRENCIES

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money stock as a primary reason for conservative credit policy and the failure of the central bank to lower interest rates, weighted against the dollar. But to some extent this was offset by fear that heavy dollar selling would provoke open market intervention by the Bundesbank.

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FINANCIAL FUTURES

Sterling contracts lose ground

STERLING DENOMINATED contracts lost ground on the London International Financial Futures Exchange, as traders moved to square positions ahead of the speech at the Lord Mayor's banquet by Mr Nigel Lawson, Chancellor of the Exchequer.

Three-month sterling for December also opened firm at 88.84, boosted by a steady cash market and a rise in the pound's exchange rate index at the opening.

December long term gilts opened firm at 111.06, but failed to maintain Wednesday's rally, and gradually slipped lower. The early improvement was encouraged by the initial firmness of sterling on the foreign exchanges, but nervousness soon crept back into the market ahead of the Chancellor's speech and publication of the F&ER figure.

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NOTICE OF EARLY REDEMPTION on 19th November 1986, of all the Notes by the Issuer. EUROPEAN ASIAN CAPITAL B.V. ("the Issuer") (Incorporated with limited liability in the Netherlands) U.S. \$50,000,000 GUARANTEED FLOATING RATE NOTES DUE 1992 "THE NOTES" Guaranteed by EUROPEAN ASIAN BANK AKTIENGESELLSCHAFT

LIFE THE LONDON INTERNATIONAL FINANCIAL FUTURES EXCHANGE SYDNEY FUTURES EXCHANGE A 17 HOUR TRADING LINK COMMENCES 23rd OCTOBER 1986 FOR US T-BOND FUTURES 30th OCTOBER 1986 FOR EURO DOLLAR FUTURES

\$ WORLD VALUE OF THE DOLLAR BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, October 15, 1986. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated.

Table with columns: COUNTRY, CURRENCY, VALUE OF DOLLAR, COUNTRY, CURRENCY, VALUE OF DOLLAR. Lists exchange rates for various countries including Algeria, Argentina, Australia, Austria, Belgium, Brazil, Canada, etc.

BRITISH FUNDS

Table of British Funds including 'Sharks' (Lives up to Five Years), Five Fifteen Years, Over Fifteen Years, and Index-Linked. Columns include Stock, Price, and Yield.

AMERICANS—Cont.

Table of American Stocks including 3M, 3M Preferred, 3M Subordinated, and various other companies. Columns include Stock, Price, and Yield.

LONDON SHARE SERVICE

Main table of London Share Service listing various sectors: BUILDING, TIMBER, ROADS—Cont., DRAPERY & STORES—Cont., ELECTRICALS, CHEMICALS, PLASTICS, DRAPERY AND STORES, BEERS, WINES & SPIRITS, and AMERICANS. Columns include Stock, Price, and Yield.

ENGINEERING—Continued

Table of Engineering Stocks including ABB, ABB Ltd, ABB Ltd, and various other companies. Columns include Stock, Price, and Yield.

INDUSTRIALS—Continued

Table of Industrial Stocks including AEA, AEA Ltd, AEA Ltd, and various other companies. Columns include Stock, Price, and Yield.

AMERICAN

LONDON STOCK EXCHANGE

Markets fluctuate narrowly in small trade awaiting Mansion House speech

Account Dealing Dates
*First Dealing Last Account
Dealings Date Dealings Day
Sept 29 Oct 9 Oct 19 Oct 29
Oct 11 Oct 23 Oct 24 Nov 3
Oct 27 Nov 6 Nov 17
**New time business may take place from 9.00 am to 5.00 pm on days when the market is closed.

The UK securities markets traded cautiously ahead of the speech by the Chancellor of the Exchequer to leaders of the banking community, and made only a guarded response to favourable news on the domestic economy. Government bonds ended with a few scattered gains after the announcement that both UK unemployment totals and the latest Public Sector Borrowing Requirement (PSBR) were lower than expected. But the equity market drew only temporary benefit from Wall Street's overnight strength, closing a shade easier on the day. The FT Government securities index was 0.02 up at 82.77. The FT-SE 100 index rose 2.5 to 1065.0, while the FT Ordinary Index, at 1277.4, gained 12.

balance of 94p. Brown Shipley, in which Kredietbank S.A. Luxembourg holds a 25.5 per cent stake, moved up 10 to 536p, while speculative demand lifted Chancery Securities to 125.
Chartered architects Whitney Mackay-Lewis staged an impressive debut in the Unlisted Securities Market, the shares, placed at 180p, opened at 174p and moved ahead to 179p prior to closing at 175p.
TBS made early progress to 85 1/2 before drifting back in the absence of follow-through support to close unchanged at 84p.
Leading Builders displayed a firm bias. Blue Circle continued to trade actively on takeover rumours and closed a couple of pence dearer at 85 1/2 for a two-day rise of 14. Costain hardened a couple of pence to 49 1/2, as did Tarmac, at 41 1/2. Butech Johnson added a couple of pence on Standard takeover hopes and British Dredging gained a penny to 82p awaiting today's annual results.
Manders revived with a rise of 8 to 22 1/2, after 23p following the acquisition of Starguard Homes, a privately-owned housebuilding concern for 54.2m.

FINANCIAL TIMES STOCK INDICES
Table with columns for Government Secs, Fixed Interest, Unlisted, Gold Mines, etc. and sub-sections for S.E. ACTIVITY and LONDON REPORT AND LATEST SHARE INDEX.

British and Commonwealth moved relentlessly forward to 318p before short-term holders took their profits and brought a close of 306p, a rise of 10 on the day and one of 96 in just five days. The associated Caledonia Investment Trusts advanced 3p to 285p before reacting to the overnight level of 273p. Investment Trusts paraded numerous small gains. Globe rising 4 to 124p and TR Property 5 to 190p. London Atlantic advanced 3 to 188p on the increased first-half revenue and higher nav, while TR North America gained 2 to 98p following the announcement that Royal Insurance had increased its stake to 10.09 per cent. Persistent speculation of a bid from Standard Chartered forced Essex up 7 to 280p; the latter has made more capital available to its gilt-edged inter-dealer arm. The proposals to dispose of two of its money-losing businesses to a consortium helped HAI gain 5 to 380p. Elsewhere, Mercantile House rose 8 further to 282p and NMG recovered 12 to 165p.

Traded Options
Activity in Traded Options continued to decline from the recent levels established last Friday following the introduction of TRB positions. Total contracts transacted yesterday amounted to 3,022, of which TSB contributed 2,122 calls and 900 puts. Business elsewhere centred on Cadbury Schweppes and Marks and Spencer which recorded 1,177 and 1,115 calls respectively. Persistent takeover rumours prompted another active turnover in Consolidated Gold Fields, which attracted 1,510 calls.
Traditional Options
*First Dealings Oct 26 Nov 3
*Last Dealings Oct 17 Oct 24 Nov 10
*Last Declaration Jan 8 Jan 22 Feb 5
*For Settlement Jan 18 Feb 2 Feb 16
For rate indications see end of Unit Trust Service
Call options were arranged to TSB, Pavilion, Racers, Hughes Food, Hill Samuel, Conroy, Paine, Johnson and Field Brown, Renault, British Car Auction, Grand Central, Amstrad, Full Pack, Redfearn National Gas, Freshbark Foods, CASE and GIM Oil. Puts were taken out by TSB, Mifred, Conroy, Racers and Conroy. No doubts were reported.

Stores good again
Retailers continued in firm fashion with sentiment aided by a possible 95p per share bid in the wake of Board changes helped Ranold rise 5 to 54p, while takeover hopes revived in Weir Group and the close here was 8 higher at 32p. Miscellaneous advanced 12 at 286p and speculative improvements of 4 and 5 respectively were seen in Meggit, 125p, and Birmingham, 78p. News of Ferguson's capital injection helped Stothert and Pitt close 4 higher at 144p, after 147p, while Babcock touched 163p in the early trade behind Press speculation of a possible stake-building exercise by Hanson Trust, but later succumbed to profit-taking to finish a few pence easier on balance at 170p. Hawker continued to attract support ahead of next Wednesday's interim results and finished 8 dearer at 453p.

Secondary issues provided some good features in Engineering. Press speculation about a possible 95p per share bid in the wake of Board changes helped Ranold rise 5 to 54p, while takeover hopes revived in Weir Group and the close here was 8 higher at 32p. Miscellaneous advanced 12 at 286p and speculative improvements of 4 and 5 respectively were seen in Meggit, 125p, and Birmingham, 78p. News of Ferguson's capital injection helped Stothert and Pitt close 4 higher at 144p, after 147p, while Babcock touched 163p in the early trade behind Press speculation of a possible stake-building exercise by Hanson Trust, but later succumbed to profit-taking to finish a few pence easier on balance at 170p. Hawker continued to attract support ahead of next Wednesday's interim results and finished 8 dearer at 453p.

of a very active session the shares advanced to 50p before closing at 500p. A jump of 43 to 511p. BHP, on the other hand, picked up 5 to 73p amid hopes that the group would produce a new truck. Components fared better. Second-line issues peaked for the year of 91p on speculation of a bid from Carclo which currently holds a 21.7 per cent stake in the company. Latex Industries became unsettled at 48p, down 5, following a fresh labour dispute, this time involving white collar workers.

A near-500m share placing failed to disturb Baul which hardened 2 to 200p. Some 24.5m shares, the rump of the recent £10m rights issue, were sold by broker Hoare Govett to various institutions. Robert Maxwell continued to increase his stake, after Wednesday's purchase of 1.1m shares in MacCarroll but the price stayed at 270p. BECC improved 3 to 266p and Norton Oxley 3 to 145p. Elsewhere, Wynn rose 20 to 680p. Similarly, British Airways responded to the encouraging longer-term outlook, which offset lower interim figures, by gaining 4 to 100p.

Secondary issues provided some noteworthy movements in the Property sector. Demand in restricted markets lifted Cardin Property 20 to 300p and Jersey 50 to 900p. Trencher rose 20 to 485p, while estate agents Concella firmed 5 to 253p. London and Edinburgh, dual earlier in the week, firmed 10 to 217p. The delay for its Spitalfields development, rallied 15 to 665p, but Marler Estates shed that much, to 500p on fading bid hopes. Southgate Properties hardened a penny to 192p on the agreed acquisition of a portfolio of shop properties for £3.6m.

Guinness Peat higher
Speculation that the UK Temperance and General Products distillation had sold its 22.17 per cent stake in Guinness Peat for 101p per share induced good support for the latter which touched 96p before closing 8 higher on

Amstrad revived strongly in Electricals rising to 130p before closing 5 higher on balance at 123p on hopes that IBM's reported decision to withdraw from the small computer market would substantially enhance the group's US growth prospects. News of the lucrative Chinese order lifted BICC 7 to 255p, but British Telecom slipped 4 to 189p following comment on Citel's takeover investigations into the group's proposed tariff changes, which are due to be implemented on November 1. Cable and Wireless slipped 10 to 325p. Elsewhere, MK reflected takeover hopes with a rise of 17 to 900p, and Microfilm rose 5 to 125p despite news of the interim deficit. TDS Circuits, however, were depressed by its half-year loss and the close was 20 lower at 131p.

Pilkington up again
Bid speculation in Pilkington intensified and during the course

of a very active session the shares advanced to 50p before closing at 500p. A jump of 43 to 511p. BHP, on the other hand, picked up 5 to 73p amid hopes that the group would produce a new truck. Components fared better. Second-line issues peaked for the year of 91p on speculation of a bid from Carclo which currently holds a 21.7 per cent stake in the company. Latex Industries became unsettled at 48p, down 5, following a fresh labour dispute, this time involving white collar workers.

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FT-ACTUARIES INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Thursday October 16 1986, and various stock indices like CAPITAL GOODS, BUILDING MATERIALS, etc.

FIXED INTEREST

Table with columns for PRICE INDICES, THURS 16, and various interest rates and yields.

LONDON TRADED OPTIONS

Table with columns for CALLS, PUTS, and various option contracts like Allied Lyons, B.P., etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol., and various European option contracts like AMN, ABE, etc.

BASE LENDING RATES

Table with columns for Bank, Rate, and various base lending rates from different banks.

WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, Japan, Canada, Denmark, France, Netherlands, Italy, Switzerland, and Singapore. Columns include country, date, price, and change.

Table of Canadian stock markets including Toronto and Montreal. Columns include stock name, price, and change.

Table of stock indices including New York, London, and various regional indices. Columns include index name, date, and value.

Table titled 'OVER-THE-COUNTER' showing Nasdaq national market closing prices for various stocks. Columns include stock name, price, and change.

Table titled 'LONDON' showing chief price changes for various stocks. Columns include stock name, price, and change.

Table titled 'Special Subscription' for the Financial Times Europe Business Newspaper. Includes details on subscription and delivery.

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NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, P, S, H, L, C, D, O, P, G, and various price points. Includes a 'Continued from Page 44' note at the top left.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, P, S, H, L, C, D, O, P, G, and various price points.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter (Nasdaq) Closing Prices. Columns include Stock, Sales, High, Low, Last, and Change. Includes a 'Continued on Page 43' note at the bottom right.

AMSTERDAM/DELFT/ENDDHOVEN GROENINGEN/DE HAGUE/HAARLEM/HEEMSTEDEN/LEIDEN/LEIDERDORP/OEGSTGEEST/RUSWIJK/ROTTERDAM/UTRECHT/WASSENAR THE NETHERLANDS. HAND DELIVERY SERVICE. Your subscription copy of the FINANCIAL TIMES can be hand-delivered to your office in the centre of any of the cities listed above. For details contact: Richard Willis. Tel: 020 239430. Telex: 16527.

